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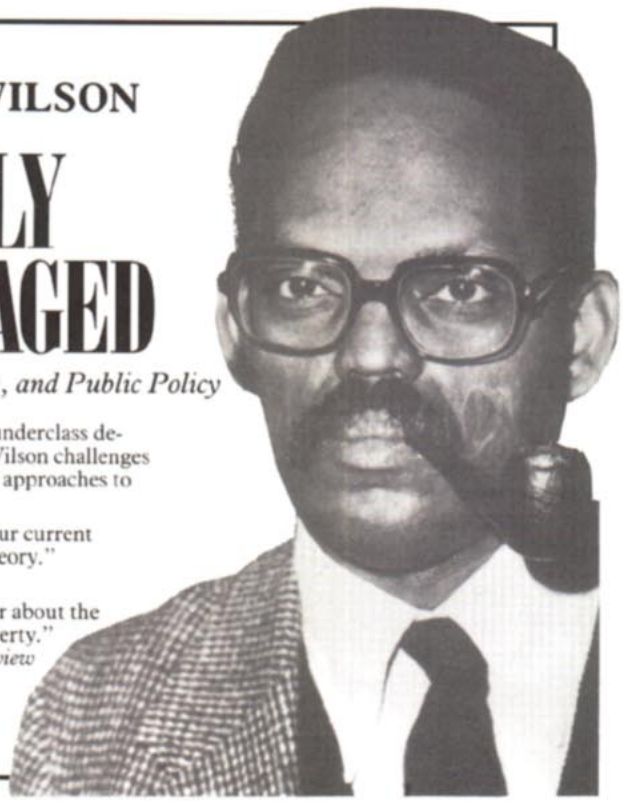

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Winter 1988

COMMENTS AND OPINIONS

America's Bitter Harvest
Irving Howe
5

Khrushchev and Gorbachev: A Contrast
Agnes Heller and Ferenc Fehèr
6

British Labour After Defeat
Michael Rustin
11

The Neocons and Contragate
Bernard Rosenberg
14

REPORTS FROM ABROAD

Cultural Revival in the Soviet Union
Roy Medvedev
15

NOTEBOOK

A Letter from South Africa
Hermann Giliomee
21

The Butcher's Company
Mitchell Cohen
25

Second Thoughts/Stuffed Heads
Jim Sleeper
26

The Road to Moscow
Patricia Cayo Sexton
28

THE DEMOCRATIC PROMISE
Edited by Robert Kuttner & Irving Howe

Of Socialists, Liberals & Others
Irving Howe
32

Dilemmas for the Democrats
Harold Meyerson
33

The First Steps—and a Few Beyond
Michael Harrington
44

American Social Policy and the Ghetto Underclass
William Julius Wilson
57

The End of Laissez-Faire—Again
Robert Kuttner
65

New Prospects for Arms Control
Hendrik Hertzberg
74

Liberal Politics, Conservative Sentiment
Peter Steinfels
81

A Workable Family Policy
Barbara R. Bergmann
88

The Fed in Fact and Fiction
Robert Lekachman
94

Toward Adequate Health Care
Rashi Fein
98

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Toward a Postindustrial Politics
David Osborne
105

In Memoriam
Bayard Rustin
Charles Bloomstein
114

LETTERS
117

CUMULATIVE INDEX 1986–1987
121

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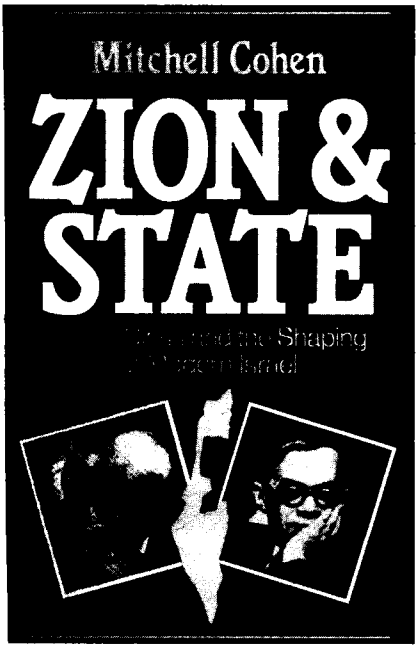
Zion and State

Nation, Class and the Shaping of Modern Israel

MITCHELL COHEN



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Irving Howe

AMERICA'S BITTER HARVEST

If anything like a national mood can be discovered in America, then we ought to be facing a moment of harsh sobriety. The party is over; the plates are broken; the debts unpaid.

After the Crash. What happened on Bloody Monday, October 19, 1987—the panic of the market—came as Reaganism's concluding whimper, the collapse of portfolios and delusions. At a time when the real wages of American workers have declined 7.3 percent since 1979, there blossomed among the upper and middle classes a coarse and philistine greed—the dollar equivalent of Reagan, Ed Meese, James Watt, Ann Gorsuch, Rita Lavelle. And let's be honest: the contagion of false values spread far deeper than the affluent. As in the 1920s, it seeped through large parts of the country.

In these years of the fast buck and screw you, Jack, of arbitrage and corporate raiding, of presidential aides and friends lined up in dockets to be tried for various crimes, the moral cretins of Reagan's administration announced—just about a week before the market crashed—their intention to deduct from welfare payments whatever trifles of help private agencies might render the poor. (Happily, this brutal plan was pulled back: the administration no longer has its way on everything.)

The ugliness of it all! Pennies were to be pinched from the poor; monitors were to be scattered through the land to calculate the value of whatever private relief agencies might give, so as to reduce welfare checks; and then, once the market crashed, the Federal Reserve Board rushed in with billions to "stabilize" the market.

Whatever happened to *get the government off our backs?* Suddenly Wall Street and all its "experts" wanted the government to climb right back on—quickly, quickly, they cried. (It was almost like a replay of 1933 when, after FDR became president, the mine operators rushed to Washington to beg the government . . . to nationalize the mines.)

It has become easy to mock the yuppies. But what were they but a more crass, as also more innocent, manifestation of the dominant values of the Reagan years? Poor lambs, they really thought it would go on forever: the paper profits piling up, the stock averages rising day by day, while industries collapsed and deficits grew. It was a shared delusion in the beneficence of "the free market," that mysterious manna Wall Street would shower on all good Americans. As Flaubert is reported to have said, *Le Yuppie, c'est moi!*

Whether the market crash will be "corrected" or lead to a recession, no one seems as yet to know. But a touch of reality has broken into the country's consciousness and pretty soon—who knows?—someone may discover that unbridled capitalism is a pretty rotten affair.

The Reaganite Junta. A few days after I write, but considerably before you read, the congressional committee's report on Contragate will appear. The impact of that report, even in what is said to be a toned-down version, may not register because of the market crisis. So let me recommend two articles by Theodore Draper (*New York Review of Books,* October 8 & 22, 1987). With his usual care, Draper has amassed the evidence, from official sources, which shows that the Contragate affair was not an aberration by a few loonies but that it resulted from the creation within the Reagan administration by high Reagan officials (Casey, Poindexter, etc.) of a junta, that is, a secret and illegal body dedicated to deceiving both the Congress and the American people, and to breaking the laws in behalf of a reactionary fantasy.

Other countries have had juntas. Usually, as in Greece several years ago, a junta would be formed by military officers intent upon removing a legally elected government. The junta would then rule in the name of national honor or emergency. But what was special about the Casey-Poindexter junta (and did it

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really keep Ronnie Reagan and Ellie Abrams in the dark?) was that it was the creature of major figures *within* the government. A legally elected government spawned an illicit shadow to violate the law, fulfilling the Reagan agenda, whether or not he "knew." (How could anyone tell?)

Reaganism seems just about finished (a lovely irony: the only one who might give it a little lease on life is Gorbachev). Within the administration, the representatives of the traditional establishment, figures like Howard Baker and George Shultz, have become stronger. Gloomy Peter Peterson (see the *Atlantic,* October 1987) runs ahead with an establishment economic program: foreseeing bad times, he proposes a regimen of cuts in social services and restrictions on wages, quite as if he were the International Monetary Fund "disciplining" a wretched Third-World country.

We have lived through the shabbiest administration in twentieth-century American history. Isn't it time a few strong liberal and labor voices were raised again? We'll come back to this next issue. □

Agnes Heller and Ferenc Fehèr

KHRUSHCHEV AND GORBACHEV: A CONTRAST

Genesis is the key to understanding. It is in their respective, and widely different, stories of birth and emergence that we find the key to understanding the new courses of Khrushchev and Gorbachev.

Khrushchev's failed attempt at reform grew out of a legitimation crisis and the crisis of the empire. Gorbachev's "drive for change," an extremely incomplete story as yet, has been emerging out of an economic crisis, a crisis of the ruling stratum with wide sociological implications, as well as a demographic crisis that has equally far-reaching implications for the regime's social policy.

A very simple fact lay at the root of the legitimation crisis that Khrushchev inherited. Stalin had become an independent, destructive, and at the same time cementing historical force, a force from which the country suffered immensely but on which its political cohesion rested. When this charismatic tyrant died, neither the country nor Stalin's own loyal apparatus seemed prepared to tolerate the emergence of a new charismatic tyrant. Khrushchev showed his mettle when he came up with two apparently plausible answers to the crisis, one to cater to the party—collective leadership—and the other to address the country at large: substantive rationality. The former was to become the accepted political mechanism of the *nomenklatura* under Brezhnev only. The latter term, "substantive rationality," coined by observers, is not one that Khrushchev, who was not particularly erudite, ever used. It has a straightforward meaning, well known since Max Weber's anatomy of rationality. Socialism, Khrushchev contended, is a type of regime superior to all others in its very substance—potentially superior, that is. If Soviet socialism does not function adequately to its "substance," its malfunction is due solely to the tyrant's personal irrationality, to his caprices, and to the artificially created chasm between science and political leadership. Once a realistic body of strong, self-appointed but collectively acting politicians is at the helm (Khrushchev never abandoned an unmistakably authoritarian model); once, furthermore, science is given its fair share in policy-making (a change that never eventuated, largely because of Khrushchev's own arbitrariness), then socialism will show its hidden, superlative substance, the United States will be overtaken in terms of per capita production by 1980, and communism will be built. Khrushchev's political vocabulary remained to the end homogeneously "Leninist"-ideological.

The gradual unfolding of the crisis of the empire, accelerated by the fears and anxieties of the Soviet leaders themselves, had a tremendous impact on the Soviet political drama at home. In the wake of Stalin's death in March 1953, symptoms of East European unrest appeared, reaching their first culmination in the June uprising in Berlin. The main

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political battlefields were Poland and Hungary, whose upheavals and revolutions were crucial in shaping the political physiognomy of Khrushchev's short-lived regime of reform. Here, too, Khrushchev produced a number of elastic political formulas, but did not find even a temporary answer. Rather, he passed the burdensome legacy of the crisis of the empire on to his heirs.

Gorbachev, in turn, has inherited no crisis of legitimation. Brezhnev's twenty-year-long rule, against which the Young Turks now turn with the typical ingratitude of ambitious political newcomers, had created a new and lasting formula of legitimation. Under Brezhnev, the conservative and nationalist tradition—the tradition of a long Soviet history that had become national history in the war and thus had embraced important elements of traditional Russian nationalism—became the principle of the regime's legitimacy. All signs indicate that Gorbachev's team intends to remain within the apparently safe walls of this establishment. However, Gorbachev has inherited from Brezhnev the onerous legacy of an economic crisis, which became evident in the almost zero-growth rate of Soviet industry for the first time in fifty years. Khrushchev, too, had of course inherited an economic crisis from Stalin. Rapid though Soviet postwar industrial reconstruction was, neither the very modest needs of the populace nor the far larger needs of the army could be satisfied by Soviet industry in the 1950s. The daily caloric intake of the populace at the time of Stalin's death hardly surpassed their intake at the time of the war, due to a chronically stagnant and ill-performing agriculture.

But economics in the USSR, a political society, is a function of the political structure. Economic crises or malfunctions in the Soviet regime do not have "objective" indicators. They change their meaning and forms of manifestation with the changing malfunctions and strategic priorities of the political structure. Thus Khrushchev had economic dilemmas precisely because the principle of legitimation no longer functioned in the old way. With Stalin dead, it was necessary for Khrushchev to assuage a dissatisfied populace in order to be able to introduce new principles of legitimation.

Accordingly, Gorbachev now has economic problems precisely because, although traditionalist-nationalist legitimation is vigorously alive, an ailing industrial sector cannot live up to its duties, which would be to accommodate the superpower's strategies for expansion and at the same time satisfy at least some of the needs for consumer goods. The Soviet populace, after all, is determined to take seriously the propaganda statements to the effect that it resides in the leading nation of the world, and it expects to see this reflected in the household budget. Since neither of these needs can be satisfied with zero growth, economic crisis now becomes manifest in an unconcealed form. In the Soviet media this situation is presented as resulting not from political obsolescence but from technological backwardness. Since the beginning of Gorbachev's rule the political dimension has been treated as *ancilla technologiae* (the maidservant of technology).

More political in nature are the symptoms of the crisis of the ruling stratum. These are directly political and sociological insofar as Brezhnev's gerontocracy blocked the career ambitions and chances of a whole new generation of younger functionaries. In addition, the crisis is directly moral because the nationwide plague of corruption raised a dual and seriously threatening dilemma for the ruling apparatus. Here corruption means more than bribing and bribe-taking. It implies the relative independence of the apparatchik from the apparatus through illegally accumulated private wealth, as well as the gradual emergence of a class from the ruling elite. The first trend runs counter to the corporative interests of the *nomenklatura*, whose discipline and unity of will would be undermined if it were increasingly composed of private proprietors. The second trend threatens the credibility of one of the main ideological claims of the ruling elite: the claim that its strategic goal is a "classless society" radically different from the Western pattern.

The present Soviet demographic crisis has many facets. The first is slow population growth, which is probably caused both by recurring demographic catastrophes in Soviet history and by the present low standards of urban living, in particular housing conditions. In the USSR alone among the industrially developed countries, we find a decreasing life expectancy, probably a conjoint result of massive alcoholism and the inadequate system of health care. Lastly, the Slavic component of the empire is declining in numbers in the face of a Moslem contingent experiencing a population explosion.

The political implications of the demographic crisis are obvious. With a slowed-down population growth it is impossible to maintain a huge army and navy while supplying an adequate young work force for industry. Nationalist-traditionalist legitimation, with its pride and pathos, is seriously interfered with if the nation is not healthy enough; if it cannot control its self-imposed plagues (the spread of

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diseases whose prevention is well within the reach of modern science in the West); and if it sends fewer children into the world to replace the older generations than is demanded by "the greatness of the fatherland." Finally, without a strong and growing Slav and above all Russian component, the home empire (that is, the USSR without East Europe) is in jeopardy.

The *modi operandi* of the two periods of a "drive for change" are widely different. Khrushchev appeared on the scene as a reformer after decades of mass terror, when even doubt was criminalized. In such an atmosphere, the self-appointed reformer could not count on any support from "society," which for decades had been lying prostrate at the feet of the charismatic tyrant. Khrushchev had perforce to be a schemer and a master gambler who pulled off his liberating, mostly bloodless coups in a deliberately theatrical manner. This, his strength, was also the weakness of his position. Improvising reforms in one series of changes after another proved insufficient for the consolidation of what had been gained though the repeatedly brilliant performances of this master gambler. Without the support or even the participation of "society," these gains stood or fell with the Great Improviser himself.

A further structural difficulty was the enormous stubbornness of the opposition Khrushchev had to cope with, one he could not ultimately overcome. The cause of this dogged resistance was twofold. First, Stalin's apparatus could not but think in Stalinist terms; for them defeat meant the execution cell. Second, this bureaucratic apparatus still possessed an enormous amount of historical self-confidence. Its philosophy of history encouraged it to justify mass murder as "historical necessity," as the "necessary price paid for progress." These structural rigidities predestined that Khrushchev's incursion into the territory of apparatchiks would be an isolated bridgehead, which could be and eventually was eliminated.

By contrast, Gorbachev's offensive has been an unbroken triumphal march almost without resistance. It is precisely this self-accelerating pace of the new line that creates the as-yet-undeserved aura of radicalism and thoroughgoing change around Gorbachev.

The self-acceleration has three different, disparate causes. First, Gorbachev's opponents no longer fear for their lives as did Khrushchev's. Under Khrushchev and Brezhnev, the Soviet ruling apparatus had indeed "returned to Lenin" at least in one respect. They now heeded the advice given by the dying Lenin to Rykov, the advice so curtly dismissed by Stalin, "No blood should flow between you."

The second reason for a conspicuous lack of resistance is the moral disarray among the Brezhnevites. It is an inhuman paradox of politics that self-justification for heinous crimes on a mass scale can be attempted: these crimes ostensibly had been committed "on behalf of the commonweal." By contrast, corruption, the collective vice of the Brezhnevites, could not be publicly excused. There is no public recognition for private acts of greed and self-interest, not even in terms of a twisted philosophy of history.

The third reason for the self-acceleration is that Gorbachev has been selecting and finding allies with great tactical skill from the start. While his leadership is thriving on the Brezhnevite principle of legitimation, it is also parasitic on the Khrushchev period in another respect. It is precisely the old Khrushchevite intelligentsia, which had survived the Brezhnev period either at the price of humiliating compromises or by living beyond the pale of official tolerance, that now constitutes the spearhead of Gorbachev's incursion into the phalanx of the apparatus.

"Substantive rationality" and "modernization," Khrushchev's and Gorbachev's respective programs, have, despite certain shared features, widely different premises as well as divergent social implications. "Substantive rationality" was a heavily ideological blueprint designed by a leadership that subscribed to Stalinist tenets while fighting Stalin's shadow. Khrushchev had directly inherited the thesis from Stalin that there were two separate and competitive world systems. He never intended to abandon the self-proclaimed autochthonous character of the "socialist world market"; he sought only to run the latter efficiently and "scientifically." His inherent ideological conservatism had two seriously negative consequences. He did not aim at reshuffling but remained content with merely "reeducating" his own Stalinist apparatus. If he, one of Stalin's closest lieutenants, could become the main de-Stalinizer, there was no reason for others not to follow his example, Khrushchev obviously contended; and it is well known what price he paid for his unexpected optimism. (Ironically, the drastic change of personnel took place under Brezhnev, and for different reasons.) Furthermore, his own Stalinist training made Khrushchev insensitive towards such subtle and complex sociological terms as "public opinion" and the intellectuals' role in influencing public

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opinion. At any rate, in a totalitarian society, leaders could easily delude themselves that public opinion did not exist. While himself breaking powerful, seemingly eternal and inviolable Soviet taboos, Khrushchev continued to treat the intellectuals as learned servants who could be used for limited assignments and sent packing when they became importunate. His extremely brutal handling of the Pasternak affair now provides a unique opportunity for Gorbachev to exercise his tact and generosity.

Gorbachev's strategy of modernization has an implicit axiom that the Young Turks are in no particular hurry to spell out: Western economic performance and technology is the criterion of what is modern. In the new generation of apparatchiks who had been living amidst an almost total disintegration of Soviet Marxism and the Brezhnevites' quasi-public indifference to their own official doctrine for two decades, there are no internalized ideological taboos. In their perception, there is one world technologically with two sharply different ways of life, Western and Soviet. The interests of the "Soviet way of life"—those of a strong, conservative, and oppressive authority, not reducible to mere ideological prejudices, which Gorbachev wants to update but not to fundamentally alter—will decide to what extent the New Team is going to copy Western principles of economic organization.

As a result, Gorbachev cannot use the Brezhnevite apparatchiks with their fossilized biases, ingrained habits of corruption, and baffling inefficiency. Nor does he entertain illusions about "reeducating" them. Therefore, he has been moving since he first took power to replace them en masse. The new social actor and, in all probability, the main beneficiary of "modernization" is the patriotic and efficient, ideologically neutral, and flexible functionary, who does not deviate from the interests of the ruling elite either in the matter of corruption or through excessive social pluralism, who will be permitted to travel to the West to buy modern gadgets, who will be capable and prepared to conduct civilized conversations with businessmen in their own languages, and who can, no less than his predecessors, draw the line beyond which pressure from below is not permitted.

The strategy of "modernization" furthermore prescribes a mode of relating to the intelligentsia that is different from Khrushchev's. Clearly, the Soviet leaders' chief precedent in devising a new attitude toward the intellectuals is Kadarist Hungary in its "liberalizing" phase. While their corporative and

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organizational autonomy continues to remain nil, intellectuals can *individually* join the apparatus in increasing numbers, all the while retaining a collective self-delusion regarding their social role as autonomous intellectuals. This shared fantasy of the intellectuals about their function and about the condition of their inclusion in the regime lends credibility to the modernizing pretenses of the bureaucracy. For the purposes of copying Western economic and technological arrangements experts will do. But who better to lend support to the patriotic and authoritarian, yet rationalized and efficient "Soviet way of life" than the intellectual ideologue who maintains, sometimes ingenuously, the deceptive facade of intellectual autonomy, and who anyhow does not harbor excessively democratic predilections himself?

Can Gorbachev be more successful than Khrushchev in implementing, not just promising, lasting changes and outlive Khrushchev's term in office? Five conditions have to be met for Gorbachev's rule to comprise more than a mere episode:

1. The New Team has to find Western financial support in order to import sophisticated technology.
2. It has to defeat its conservative enemies in the state and party apparatus without major social upheavals. (The latter would either result in the restoration of some type of Brezhnevism or trigger a Soviet "cultural revolution," which has never been seen in Soviet history.)
3. The New Team must enjoy unambiguous but passive popular support in order to implement its strategy.
4. It must destroy taboos of a half-century's standing but must also preserve the party's political prerogatives.
5. Finally, it is incumbent on the Young Turks to invent and introduce new social structures that could keep the results of the modernizing momentum alive in institutionalized channels.

Gorbachev's chances are better than Khrushchev's were as far as the first three of these preconditions are concerned. Gorbachev is, like Khrushchev, détente-oriented—if it is understood that détente does not require renouncing expansionism, but instead demands different, less overtly confrontational methods. Once the Reagan period is over, or perhaps even in the last phase of Reagan's paralyzed presidency, Gorbachev may achieve his targets, while Khrushchev had to struggle in vain against the double burden of still vigorous cold war biases and the Western perception, which was correct, of his occasional expansionist and menacing escapades. We have seen why Gorbachev's conservative opponents are a collective lame duck almost incapable of resistance. In this sense, time is on Gorbachev's side, just as it worked against Khrushchev. If the remaining nuclei of the Brezhnevite apparatus will not act in concert with his plans within a year or two, their only remaining move would be a military coup against Gorbachev, an extremely unlikely possibility. It is no compliment to Soviet society when we predict that it will supply popular support for Gorbachev which is unambiguous, which therefore paralyzes his conservative enemies to a degree, but which is also passive. An active popular support would inevitably contain the demands for rights and pluralism, which would be as unacceptable for Gorbachev as for his adversaries in the apparatus. Unfortunately, it is a long tradition in Russian history to hail the man on the summit without making the effort to share in his power. Gorbachev might just capitalize on this Russian tradition.

The more difficult task is that of breaking, and in the same gesture preserving, taboos. Khrushchev failed spectacularly in this enterprise. When he broke the charismatic taboo and questioned Stalin's authority, he let the genie of an irreverent Enlightenment out of the bottle. What is more, Gorbachev has to go further than Khrushchev. For modernization to succeed, the whole fossilized body of Marxism-Leninism should be buried, preferably publicly. But if either the army generals or the proverbial "masses" were to draw conclusions from the iconoclasms at the top that are incompatible with the Soviet system as it now stands, what would happen?

One condition that clearly cannot be satisfied within Gorbachev's agenda is the creation of institutional frameworks capable of perpetuating the modernizing momentum if it can be set in motion. In this respect, Gorbachev is truly an heir to the worst illusion of the Khrushchev era. He too keeps squaring the circle, reducing what is a major social and political dilemma to the level of a mere technical problem. There is irony in this, since if there is a single major lesson to be derived from the economic reforms in Eastern Europe—reforms that have been suspended or suppressed in most countries and lastingly experimented with in others—it is the impossibility of separating economic modernization from social change. For "modernization" to break through, politics cannot remain a mere maidservant of technology. □

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Michael Rustin

BRITISH LABOUR AFTER DEFEAT

LONDON

Recent events in Britain offer little cheer for anyone committed to democratic socialism. After what was widely held to be Labour's most effective election campaign in twenty years, Labour gained a share of the vote that was only 3.5 percent larger than in 1983 (31.5 percent compared with 28 percent) and only twenty-one more seats in Parliament, leaving the Conservatives with just over 42 percent of the vote and a huge majority of 101 seats over all other parties. While some, and not only socialists, had hoped that the radical right might have run out of steam after two terms of office, Thatcher, at the Conservative Conference in October, insisted that her program would continue at full blast. "Whose blood would not run faster," she demanded, "at the prospect of five years of consolidation?" Sarcastically quoting Labour's radical 1974 manifesto, she said of her proposals for "popular capitalism" that they would add up to "an irreversible shift . . . of power . . . in favor of working people and their families."

Taxes under the new Thatcher government are set to become even less progressive, with the substitution of a flat-rate "poll tax" for domestic rates (property taxes) which also gives an incentive to poor citizens to stay off the electoral register. Central government's attack on local government continues with a proposal to allow schools, on a vote of parents, to opt out of local government control, and another scheme to impose a "national curriculum" (shorn of supposedly radical elements) on all schools. A review of the whole social security system and National Health Service has been announced. Although the government still remains circumspect in its dealings with the Health Service, its intention to increase the role of fee-paying and the market in all remaining public services is plain.

Thatcherism aims to remake the political landscape in Britain. The Tories are seeking to roll back the rights of social citizenship gained in the postwar period, and have declared an end to the class compromise that brought them about. They are attacking the main institutional bases of Labour support—municipal housing, trade union strength, and public services. By forcing local authorities to sell off municipal housing to tenants at discounted rates, and by "privatizing" nationalized industries through offers of millions of small share parcels at bargain prices, the government has sought with some success to create a new constituency of property-owners. It anticipates that these new owners' fear for their investments will make it difficult for Labour to reverse these changes. Meanwhile, the economy, after a disastrous loss of one-fifth of manufacturing capacity and employment between 1979 and 1981, has been growing at 2–3 percent per annum since 1981. Despite a 12 percent level of unemployment, those at work remain prosperous, and the Conservative boasts of economic revival (from an illness partly inflicted by themselves) have, in the southern half of the country at least, some credibility. In voting, rising incomes for a majority have outweighed sympathy for the unemployed. While voters say in polls that unemployment is the central issue, their votes suggest other priorities.

The Thatcherite program has combined exposure of institutions to market competition with a forceful assertion of state power against institutions deemed antipathetic to market ideology. Businesses as well as workers suffered from the icy blasts of competition, especially in the first years after 1979. The government has embraced a capitalist version of postindustrialism. Where previous governments had sought to prop up or restructure manufacturing industry, to offset the historic bias of the British economy towards the financial and trading sectors, the Thatcherites have allowed the market to shift resources into the service sector. They have allowed investment to flow overseas and encouraged the expansion of the City via the deregulation of the "Big Bang," and by a huge commercial redevelopment of the former Docklands area east of Tower Bridge. The favorable tax climate and conservative ideological mood is no doubt also intended to give Britain a comparative advantage in attracting foreign investment in this most reactionary of business activities, remote as it is from actual relationships

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with either workers or consumers. This has been unpalatable to old-style supporters of the mixed economy and welfare state, most of all to socialists, and many have urged a more supportive and interventionist government role. But opponents in and out of government have been swept aside. It seems now that this Thatcherite program may be viable in its own terms, as a right-wing resolution of the problems of modernization of British capitalism. There appear to be several ways in which capitalist democracies can be organized to maintain economic growth and political stability, with different balances of social advantage. Social democracy does not seem to be the only possible pathway. Thatcherism in Britain may be in the process of establishing a new mode of modernization.

The election result showed the Labour party increasingly confined to a declining class constituency. Survey data indicated that Labour's support was strongest in sectors of the population in long-term decline—semiskilled and unskilled manual workers, inhabitants of the inner cities (which are losing population in the long run), employees of the public sector, tenants of council housing, inhabitants of the poorer regions of the North, Wales, Scotland, trade union members (though a third of those voted Tory). Labour has hardly an M.P. in the south of England, outside inner London. Its middle-class constituency is concentrated in the contracting public sector. Some of these "demographic" shifts away from Labour are deliberate ends of Thatcherite strategy. The run-down of manufacturing industry in favor of the financial and service sectors, the indifference to regional decline in the inner cities and in the northern half of the country, and attacks on the public sector may reinforce the political groups that made them possible in the first place. As an exercise in the use of state power to restructure political loyalties, the Thatcher government is proving effective.

To regain power on its own in 1992, Labour would still require, after its small 1987 recovery, a larger electoral swing (7.8 percent) than achieved by either major party since 1945. Of course, politics can be unpredictable, especially in a period of weakening party loyalties. The international economy *might* suffer a serious setback, as many have long predicted, and put an end to a British economic recovery. Much of the new Tory legislation (especially the abolition of domestic rates and the education plans) will be unpopular. The arrogance of power may undo the Conservatives. Or, Labour might succeed in recapturing the substantial vote it has lost, ever since 1979, to the Liberal-Social Democratic Party (SDP) Alliance.

It has been the disastrous division in the opposition vote that has allowed these three Tory victories to occur, with voting percentages smaller than those achieved by previous, more moderate Conservative leaders like Macmillan (who polled 49 percent in 1959), and Heath (who polled 46 percent in 1970). In the postelection period the Alliance parties have had a highly publicized and self-destructive fight, in which the more anti-Thatcher Liberal leader David Steel has defeated the pro-Thatcherite David Owen to force a merger of the Liberals with the SDP. If this goes through, it will help the prospects of some tacit Liberal-Labour alliance against Thatcher, to which Owen has hitherto been the main obstacle.

New Strategy for Labour

Meanwhile, the Labour party has instituted a fundamental "policy review." The leadership of Neil Kinnock was, surprisingly perhaps, more strengthened by his powerful campaign than damaged by its outcome. The campaign represented the best, in many ways, of old Labour traditions. It appealed principally to Labour's working-class constituency. It evoked the egalitarian achievements of the postwar welfare state, featuring Neil Kinnock in a brilliant television film as an exemplary representative of a postwar generation of working-class children whose opportunities were due to the welfare state. It was very disappointing that this combination of high-tech presentation (the film was directed by the maker of *Chariots of Fire*) and the best of Labour traditions had so little eventual impact. By now we realize that power cannot be regained by evoking past achievements.

The policy review seems directed mainly towards the recapture of some crucial "lost" constituencies, especially the better-off sections of the working class led astray by "popular capitalism" in the form of house and share ownership. Labour is going to reassure these voters that it will not seek to take back but rather to extend the individual material benefits secured under Thatcherism. This is a major shift of emphasis, since Labour has usually preferred collective to individual ideas of rights. Labour seems also to be adopting the methods of the political marketplace, using poll data to try to retune its programs. A thorny issue will be defense, where the leadership would like to see some shift away from the unpopular unilateralist commitment, a position strongly held in the party.

Central to the Kinnock strategy has been the marginalization of the "hard left," widely blamed for Labour's unpopularity. In reality, the new Labour left's record is mixed in the local government field, where

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it has had the most influence. Some initiatives, such as the Greater London Council's public transport program before the GLC's abolition in 1985, won wide popular support. But ideological excesses in some boroughs have been electorally damaging. The government has become adept at provoking reactions to its cutbacks that end up discrediting the services they aim to protect. (A long teachers' strike was such a case.) Kinnock's public attacks on the Labour left for its extremism (which he has used to establish his credibility as a strong leader) may have backfired by lending legitimacy to Tory demonology. A better maxim for party leaders might be never to attack your own side publicly.

Another means by which Labour has sought to dilute the power of its activist left wing and widen its own appeal has been to change the system of selecting parliamentary candidates to "one member one vote" from the previous caucus-dominated method. But this promising development ran up against the interests of the trade unions, who dominate the Party Conference and provide most of the party's funds. The outcome at the recent Conference—constituency electoral colleges in which individual members will hold 60 percent of the votes, and unions the other 40 percent—is a compromise. It offers the party leadership the prospect of trade union support against constituency leftists, but loses the benefits of a fully democratic and open system.

The problems facing the Labour party seem unlikely to be resolved by merely strengthening the leadership and shifting politically to the right. These changes seem similar to those attempted by the Democrats since the defeat of Carter, in being largely defensive and adaptive. The problems facing social democracy are international in scale, and no one seems, as yet, to have very convincing answers. Regarding Britain, my view is that Labour should recognize that it must now operate in a more pluralist environment, in which the most feasible political task is not to think in terms of party hegemony, but instead to negotiate an effective anti-Thatcher coalition. In a situation when the government really has become the executive committee of the bourgeoisie, the problem is to join together almost all elements of resistance. Interests based on locality (threatened by the attack on local government), national identity (the Tories were crushed in Scotland), ethnic identification, class, and various kinds of traditionalist and postindustrial resistance to market forces—they all need to be brought together. Labour needs not so much to adapt to the language of individualism as to renew and broaden the various social identities that might stand against it. Appeals to class interests can only be part of such a program.

Unfortunately, tolerance of ambiguity and talent for mediating different oppositional forces are qualities the Labour party (and its whole historical tradition) tends to lack. Rather than defining its own version of an imaginary nation (a compassionate, caring one) in competition with Thatcher's triumphalist nationalism, Labour might do better to change its vocabulary more radically, and seek to speak for the many different publics of which "the nation" is now made up.

The precondition of constituting a broad anti-Thatcher alliance, as Eric Hobsbawm has called it, is a program for the democratic reform of the state. This should include the entrenchment of local government powers, a Freedom of Information Act (whose absence has been highlighted by the *Spycatcher* fiasco), and Scottish and regional devolution, all of which command support in the various opposition parties. British government now needs some of the checks and balances to its powers which are elsewhere in written constitutions.

Central to such a program is electoral reform. This is vital to achieving any workable compromise with the center parties, and will also be a crucial symbol of Labour's own acceptance of a pluralist political framework. Labour will not be credible as an advocate of democratization while it itself seeks to exploit the plenary powers provided by the British state. Voters are afraid of Labour in power too. Thatcher, like Reagan, has thrived by attacking the government as if she were an outsider, while holding all its powers in her hands. For Labour to accept the self-denying ordinance of a proportional electoral system is the necessary precondition of a broad alliance against the right. There would be benefits for the left too in the wider range of voices that a proportional electoral system would allow. Some limited electoral truce between Labour and Liberals might thus be feasible, enough to threaten the Tories' hold on power. These arguments are slowly winning some support. What can easily seem a constitutional technicality is here a linchpin of political strategy.

Neither the assumptions of social and political pluralism, nor the rethinking they require, will come easily to the Labour party, which even in its efforts to "modernize" remains the most conservative of all the major left-of-center parties of Western Europe. One can hardly foresee, at this point, either how Labour can win alone, or how it will be persuaded, in order to prevent a further defeat, to seek a compromise with parties of the center. But it is difficult to predict what reaction there may be to a further five years of Thatcherism. Perhaps change will come first on the other side of the Atlantic. □

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Bernard Rosenberg

THE NEOCONS & CONTRAGATE

As we totter on the edge of a recession, Reaganomics, plus the foreign policy that went with it for seven happy-go-lucky years, seems just about totally discredited. So what else is new? Isn't it obvious to everyone? Well, not quite. Not to the neoconservatives, who keep dragging themselves further and further rightward, even to the right of their darling in the White House.

The ante is constantly being raised, the threshold of shame lowered. Regular *Commentary* watchers, pursuing their grim occupation, may notice a turn still further toward fanaticism, an extra touch of hysteria. Consider the October 1987 issue featuring an article by one L. Gordon Crovitz, who, if not exactly a household name, comes credentialed as "assistant to the editor of the editorial page of the *Wall Street Journal*," a writer with two law degrees, one from Yale, another from Oxford. How could such a scholar fail to enlighten about "Crime, the Constitution, and the Iran-Contra Affair"? If, after all, even many Republican congressmen admit it all smells bad, then surely . . . but not in *Commentary* as it moves toward Cloud-Cuckoo-Land.

Mr. Crovitz tells us that President Reagan and his entourage did no wrong, committed no offense, criminal or civil, in implementing a good—if not, as it turned out—a *neat* idea. Not just major office holders are exonerated by the gentleman with two degrees, but also such small fry as Carl "Spitz" Channell and Richard Miller, fundraisers who copped a plea, thinking they were culpable and therefore cooperating with Special Prosecutor Lawrence Walsh. They confessed, these two worthies, to felonious guilt in conspiring to defraud the government, naming Ollie North as co-conspirator. How stupid of them!—perhaps a result of caving in to liberal pressure. They pleaded guilty, Crovitz informs us, to a criminal law that was not broken.

And Walsh, who possesses only one law degree, makes *Commentary*'s Crovitz positively apoplectic. What could be more damning than "As Walsh apparently sees it, his job as special prosecutor is to prosecute. . . ."? So misapprehending his function, Walsh has put every participant in the Iran-*contra* affair—never the Iran-*contra* scandal—on notice "that no charge may be too vague, technical or arcane for Walsh to bring against them." Were Walsh less benighted, he could learn from two-degree Crowitz that those who failed to pay taxes on their *contra* profiteering were engaged in . . . acts of charity, a word whose meaning is set forth in an Elizabethan statute, the Charitable Uses Act of 1601. How's that for homework?

Maybe the Code of Hammurabi would help to instruct Walsh on, say, obstruction of justice. While there was, writes Crovitz, "obviously much shredding of documents" in Ollie North's office, "for this to be a crime, it would have to have occurred after an official criminal investigation had begun, which does not appear to be the case here." Somehow, I'd feel better about this judgment if it were at least accompanied by a legal footnote from the age of feudalism. □

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Roy Medvedev

CULTURAL REVIVAL IN THE SOVIET UNION

A Report from Moscow

In the history of Soviet culture, the spring of 1987 will go down as a time of significant changes. A year ago we could only speak of a "thaw," major changes in the principal branches of culture. But as of February and March 1987, we could observe a decisive breakthrough, the beginning of a genuine cultural revolution. Forward movement in the sphere of culture is gaining power and momentum, toppling many false authorities and advancing new names while returning to the nation many valuable works that had been undeservedly kept concealed. This has caused real panic among some of the former "bosses" of the little mafias that had formed even in the world of culture. Speaking to the board of the Soviet Writers' Union, the writer Yuri Bondarev exclaimed:

> The pseudo democrats of literature have lit the light of *glasnost*, which they have stolen away from truth and justice. . . . I would compare the current state of Russian literature . . . with the situation in July 1941 when the forces of progress offered disorganized resistance, as they retreated from the onslaught of hammer blows . . . aimed at destroying a great culture. If this attack is not stopped, if there is no Stalingrad, then the national treasures that have become the country's pride will be toppled into the abyss.
>
> (*Literary Russia*, March 27, 1987)

In mentioning Stalingrad, Bondarev was apparently thinking of Stalin, whom he had spent no little effort extolling in the 1970s. But the sooner the legacy of Stalinism is toppled, the better, easier, and more peacefully will the Soviet people live and breathe.

Some ten or even twenty years ago, the situation of Soviet culture was comparable to the forced feeding of a young child who is only allowed to eat strained, unspiced, monotonous food. Today that would no longer be a fair comparison. Important new developments occur almost daily. People are talking about new, interesting novels, novellas, poems, and short stories, important articles, bold journalism, unusual films and plays, and even interesting exhibitions by contemporary artists. Soviet citizens now spend twice as much time in front of the television as they did two or three years ago and there are lines in front of the newspaper stands in the morning; everything sells out in an hour, both the latest editions of the papers, and all the journals "thick" or "thin."

These changes are only to be welcomed. At a time when minimal material needs are at least basically satisfied, the creation of higher values through culture assumes a special significance. But this requires removal of impediments in this sphere and of a host of absurd taboos; it requires the spread of democracy and intellectual freedom. The revival in culture in 1985–87 is now often compared with the revival that occurred in 1962–64 under the influence of the Twenty-Second Party Congress. As an observer of, and, to some degree, participant in both events, I must say that the current revival is more rapid, powerful, and comprehensive than that of the 1960s. While the revival of the 1960s gave way to long years of stagnation and decline, it is to be hoped that this will not reoccur—though it is too soon for anyone to guarantee that.

In 1986 the most visible changes occurred in film and theater. Progress in these two areas was not only accompanied by many remarkable plays and films, one of which, *Repentance*, can be considered a milestone. The overall atmosphere in film-making has changed. Fundamental changes have also occurred in the theater where, because of pressure from below, a completely new Soviet Theater Workers' Union was created. Not only are interesting new plays appearing, but new theaters as well. The most successful plays of the Moscow and

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Leningrad stage are being performed in the provinces by dozens of troupes.

The cinema also continues to change. Those changes cannot be quick, of course, since considerable time is required for making new films. Films that went into production three, four, and even more years ago, are now being released. Some enjoy success—all the detective and adventure films—while others leave audiences cold, even the comedies failing to amuse them. Some films, though they had been long and well publicized, proved utter flops. It was not by chance that one of these was Sergei Bondarchuk's two-part *Boris Godunov*. The theater was packed with people eager to see Bondarchuk's film when it was shown at the Cannes Film Festival, but it was empty by the end of part one. "There are films that are boring to watch," noted one of the reviewers, "but *Boris Godunov* is a film that's even boring to review." Burlayev's film *Lermontov* was every bit as much a flop when released. Only now, however, are we seeing the release of several excellent films that had for many years been banned for various absurd and stupid reasons. These include Yuri Ilenko's *A Spring for the Thirsty*, Kira Muratova's *Long Goodbyes*, Smirnov's *The Angel*, and Shepitko's *Electric Homeland*. The press is reporting that the best films of the 1960s and 1970s will now be given wider release; the state film commission had permitted those films to play only on the so-called "second screens" and for that reason they were almost unknown to the greater public. Very belatedly, the USSR has bought several Western films which have long been classics. Soviet audiences will have the opportunity to see Fellini's *8½* and Antonioni's *Red Desert*. Purchase of films by Bergman and Buñuel is also under consideration.

Changes have even begun in the world of art, which had been marked by decades of stagnation. In 1985 numerous art exhibitions organized for the fortieth anniversary of the victory over Nazi Germany were unable to recoup their expenses. For a long time none of the world's museums has been buying the paintings of the most venerable members of the Soviet Academy of Art, and no one would think of exhibiting their work in Paris or New York. This failure of the Soviet arts has helped launch a painful examination of many fixed dogmas and customs; it means refusing to treat the official dogma of "socialist realism" as the only acceptable method. Recently in Moscow there were a few and, unfortunately, brief, exhibitions of young artists affording representatives of the Soviet "avant garde" an opportunity to show their work. The popularity of these exhibitions exceeded all expectation. There is now talk of establishing a large museum in Moscow to exhibit the best work of contemporary artists whose names are practically unknown, as well as of such world-famous artists as Kandinsky, Malevich, and Filonov whose work has until now been gathering dust in the storerooms of Soviet galleries. A museum of contemporary art was established quite some time ago in Armenia and is one of the most popular museums in that republic. The director of that museum recently wrote an article in *Izvestia*, proposing concrete plans for establishing a similar museum in the Soviet capital:

> Why do we produce a colossal number of paintings that nobody wants to look at? How long will we continue to expend huge sums of state money with no thought to the results? The time has come to liberate the walls of our museums from all work devoid of sincerity and artistic merit.

In the 1970s the persecution of nonconformists led to the emigration of a few hundred artists of all schools. Among those were world-class artists like Ernst Neizvestny and Mikhail Shemyakin. Recently Shemyakin made a gift of some forty color lithographs to the Erevan Museum of Contemporary Art and the Russian Museum in Leningrad. The city of Vitebsk has begun work on a museum dedicated to Marc Chagall, the great twentieth-century artist born in that city who emigrated to France in the 1920s. To this day Soviet encyclopedias refer to Chagall as a "French painter and graphic artist." (By the same token Chaliapin could be termed a "French singer.") It is not surprising that when speaking at a Moscow forum on the problems of peace, the Soviet poet Andrei Voznesensky demanded that the "art of the great Chagall be returned to the country where he was born and where he was absurdly banned." Pictures by followers of Chagall, Picasso, and Filonov have begun appearing in supplements to such popular magazines as *Ogonyok*. The world of music is also undergoing change with more rock groups appearing all the time.

It is, however, literature and literary life that have produced the most substantial changes. The "rehabilitation" of many figures no longer alive continues. Boris Pasternak was rehabilitated and posthumously reinstated in the Soviet Writers' Union. There was an announcement that his novel *Doctor Zhivago* would be published. The poems of Vladimir Vysotsky are being readied for publication, and records and cassettes of his songs are in production. Nearly all magazines are carrying reminiscences of Vysotsky, and the Dovzhenko Studio has released a film about him, *Remembrance*. A month after the

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publication of Alexander Tvardovsky's last poem "The Right to Memory," Anna Akhmatova's celebrated poem "Requiem" was published in *October* (No. 3, 1987). It reflects the tragedy of the mass repressions in Leningrad that began in 1935 as well as Akhmatova's own personal tragedy—her son was among those arrested and Akhmatova spent seventeen months standing in lines in front of the prison with its "implacable iron bars."

> Such grief might make the mountains stoop,
> reverse the waters where they flow,
> but cannot burst these ponderous bolts
> that block us from the prison cells
> crowded with mortal woe. . . .
>
> (trans. Stanley Kunitz, Max Hayward, *Poems of Akhmatova*, Little, Brown, Boston, 1967)

These lines are from the "Dedication" to the poem, which was begun in 1935 but took its final form in 1961; only now can this poem be published here.

Following the publication of Andrei Platonov's novella *Juvenal Sea*, his famous story "The Foundation Pit," which circulated in manuscript in the 1960s, is now being prepared for publication. Selections of works by Olga Bergholtz, Boris Slutsky, and even Evgeny Evtushenko, previously unknown to the reading public, are now being published.

> Changes don't happen often.
> Recounts, reviews are rare.
> Twice, maybe three times, I knew the happiness,
> The delirium of change . . .
> I would consider it fate's grace,
> And a debt to God,
> If there could be change once again,
> Even if it didn't last all that long . . .

Boris Slutsky wrote those lines many years ago but his poem has only been published now when he is no longer among us. Some magazines are publishing poems, essays, and plays by Mikhail Kuzmin, an early twentieth-century modernist. Kuzmin, also a translator and composer, died in 1937, alone and forgotten; he is remembered only by a few of the older literary people.

Back in the 1950s and 1960s and on into the 1970s, Soviet culture had begun to replenish its capital with the works of outstanding émigrés. The Nobel-Prize winner Bunin, Sologub, Severyanin, and Remizov returned to their native land via their books. This reinstating of important figures has accelerated in the last six months. We have seen the publication of *The Defense* and several stories by Vladimir Nabokov. Stories by the splendid Russian writer Yevgeny Zamyatin who died in Paris in 1937 are now in print here. Recently several magazines featured poems and essays by the excellent Russian poet Vladislav Khodosevich, who began publishing in 1905 and remained productive until his death in 1939. The magazine *Znamya* (*Banner*, No. 3, 1987) published a selection of poems by yet another outstanding Russian poet, Georgy Ivanov, who died in 1958 as an émigré. Poems by Dmitri Merezhkovsky and his wife Zinaida Gippius appeared in *Ogonyok* (No. 6, 1987). Poets famous at the beginning of the century, they were then affiliated with the most mystical branch of Russian symbolism. As émigrés, Gippius and Merezhkovsky were connected with the most anti-Soviet groups. But their creative legacy contains a great many beautiful poems, interesting studies of Tolstoy and Dostoevsky, and significant novels and plays on historical subjects.

In fall 1986 *Literaturnaya Gazeta* (*The Literary Gazette*) published a long, positive review of a book published in Paris by the poet Irina Odoevtseva, the wife of Georgy Ivanov. Entitled *On the Shores of the Seine*, this is a memoir about the most important émigré writers and poets. Few people realized Odoevtseva was still alive. Recently, when she decided to return to Russia, she was given a warm welcome in Leningrad, which she had left for the West some sixty–five years before.

The principal events in literature have been the publication of stories, novellas, and novels by the Soviet writers V. Shatrov, Bulat Okudzhava, Boris Vasilev, Anatoly Pristavkin, Fazil Iskander, Nikolai Smelev, Ivan Gerasimov, Yuri Trifonov, and Anatoly Rybakov, among others. As a rule, these writers focus on the prewar and postwar periods, their predominant theme being Stalin's repressions. Soviet literature seems to be striving to say everything it failed to express in the 1960s.

Anatoly Pristavkin's long novella *A Golden Cloud Spent the Night* (*Znamya* Nos. 3, 4, 1987) attracted wide attention. At first the reader might think this yet another tale about the hard lot of war orphans fallen into the hands of cold, cruel people who robbed these sick and starving children. Suddenly, orders arrive to send thousands of orphans from the starving Moscow area to the liberated territories of the North Caucasus. Five hundred children, including the heroes of the tale, the Kuzmenysh twins, end up in a large deserted settlement surrounded by ripening fields and orchards. There is no hunger here but the orphans find no peace either. This area had formerly been inhabited by Chechens who had been "resettled" to the East and now the Moscow orphans are to constitute a new "population." But some of

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the mountain people are still in hiding and they defend the lands where they had lived for centuries, attacking the new settlers and burning their houses and storehouses. One of the Kuzmenysh brothers is killed, apparently because he was wearing a beautiful, Caucasian wristlet. Adults and children flee, driven away by fear. Then soldiers, still clearly needed at the front, arrive to wipe out the last of the Chechens hiding in the mountains.

A similar theme is to be found in Ivan Gerasimov's novella *A Knock at the Door*, written in 1960 but only published by the magazine *Oktyabr* (*October*) in 1987 (No. 2). This novella is set in Moldavia in July 1949. Baulin, who had fought both at the front and as a partisan, is appointed the principal of a school. In the middle of the night he receives orders to appear at the district committee. There the party activists receive secret instructions—that very night they are to take charge of the resettlement to distant parts of the country of persons who collaborated with the Nazis. The lists of those to be resettled had been drawn up by the KGB and are not subject to discussion. Along with a group of soldiers Baulin is to purge the village of Pyrlitsa of "unreliable elements." Three families are to be resettled (the trucks are ready, a train is waiting). Orders are orders and Baulin has no doubt as to their expediency. But he begins to have his doubts in the first house that he and his squad are to "purge." He has to resettle a weak, old church watchman whom even the Rumanians had not taken into their army. In the second house he encounters Verdysh, a veterinarian. A Rumanian and a member of an underground organization that fought against the Antonescu regime, Verdysh had spent several years in a hard-labor prison. Now he is to be sent to Siberia as a "member of another party." (Before liberation there were a little more than a thousand members in the Rumanian Communist party.) Verdysh greets Baulin calmly, drinks to Baulin's health, and says: "I'm well aware there's lots of dirty work to do, Baulin. . . . But still you have to think when you're doing it. The dirty work wasn't your idea. Think about it, Baulin! Otherwise, dammit, it's going to be really bad. . . ."

But it is in the third house that Baulin experiences real shock. He recognizes its owner as Unde Ursule, a partisan from his own detachment, whose commanding officer is now the man in charge of this entire punitive operation. Under the partisan nickname of "bear" Ursule had carried out the most difficult assignments and had been decorated for bravery. Now he must abandon his native village with wife and children. Baulin tries to protect Ursule, but the secretary of the district committee remains silent and KGB Captain Tkach orders the trucks loaded, saying: "We'll sort it out later."

The most important event in Soviet literature is, however, the publication of Anatoly Rybakov's long novel *The Children of the Arbat*. A well-known writer, whose last book, *Heavy Sand*, about the tragedy of Soviet Jews during the Second World War, was translated into many languages, Anatoly Rybakov began writing *The Children of the Arbat* in the 1960s. Even a year ago few of those who knew the novel believed it could be published. *The Children of the Arbat* caused a complicated fight and only the decision of higher party agencies cleared the way to publication. Opening with the events of fall 1933, the novel offers a panorama of Soviet society in that crucial period. Rybakov describes the life of a few Arbat families, some ordinary, some not so ordinary, the workings of the Kremlin, the arrests of Komsomol activists, the Seventeenth Party Congress, the growing discord between Stalin and the party's old guard, the assassination of Kirov, which allowed Stalin to usurp power, the increasing conflict between Stalin and Ordzhonikidze, the gradual development of the type of people whom we would later term "Stalinists," paralleled by the blossoming of the young people, sincere, honest, and dedicated to socialism, a significant percentage of whom would be killed during the Second World War. Basing himself on impeccable historical sources and his own personal experiences, Rybakov answers questions that had been tormenting his mind and conscience since the early 1930s. This novel is the result of profound attention given to both content and form. As a historian I have studied for many years the material Rybakov depicts and there is practically no point on which I can fault the author.

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Only a few isolated pages leave an impression of a certain reticence, but that may have been the work of the editor—significant cuts were made before publication. In terms of artistic power and depth of treatment, *The Children of the Arbat* ranks among the two or three best books in all Soviet literature.

As I mentioned, the publication of Rybakov's novel was accompanied by a struggle that was conducted far from openly. This is characteristic of our present situation. The genuine revolutionary change occurring here has many influential enemies, though few of them spoke out as openly as Yuri Bondarev. The majority prefer to work behind the scenes, to send notes and letters to agency heads, and to use intrigue, insinuation, rumors, etc. For example, we know that VAPP (Soviet Copyright Agency) refused to conclude agreements with foreign publishers for translation rights to *The Children of the Arbat* until the very last moment and that the leadership of VAPP even prohibited any publicity for the book in the hope it would ultimately be banned. In the Writers' Union as well, there were more opponents than supporters of the book. The directors of the Writers' Union, although not calling for a ban on *Doctor Zhivago*, are proposing that it be printed not in the magazine *Novy Mir* but as a book in the *Literary Monuments* or even in the *Literary Archive* series, i.e. in a minuscule edition, as has been done before with a great many books. In the 1970s and the second half of the 1960s many of our best writers and critics often had to resort to Aesopian language or, as they used to say then, "allusions," in order to express their ideas. Now that censorship has been sharply limited, it is the enemies of *perestroika* (restructuring) who resort to Aesopian devices and "allusions." For example, when defending his film *Lermontov*, which proved a flop, N. Burlayev wrote an article in the newspaper *Water Transport* (why there? would no other newspaper print his article?) saying that the Fifth Congress of Cinematographers had supposedly undertaken an "immoral attempt to devalue the authority of certain right-thinking artists . . . and to cancel out the contributions made by certain masters of the cinema." Sometimes, however, such "allusions" are dispensed with. The novel by B. Belov, *It All Lies Ahead*, published last year, was subjected to justifiably harsh criticism in the press. Belov is a talented writer, one of the so-called "village" school, but in *It All Lies Ahead* he not only tackles material with which he is unfamiliar but reveals himself as a reactionary in many respects. Trying to defend Belov's weak novel, the writer Piotr Proskurin unexpectedly declared at a recent meeting of the Secretariat of the Soviet Writers' Union that the author of *It All Lies Ahead* must not be criticized since he is "among those who can be called the conscience of Russia." Are not such "titles" being handed out a bit too freely here?

The resistance to *perestroika* is, however, quite natural and need not cause especially great anxiety. Let everyone have his say, and every such statement will meet with a reply that will strike the reader as much more convincing. Among the most important aspects of Soviet cultural life is the rebirth of independent and competent criticism in literature and the arts. It is with great pleasure that we now read analyses by the best critics of the 1960s who were simply not allowed to work in their field for many long years, people like Rassadin, Lakshin, Ivanova, Igor Zolotussky, and Igor Dedkov. New names have also appeared in criticism—D. Ivanov, O. Kuchkina, B. Lyubimov.

In summing up, one must note not only the important changes but certain alarming tendencies as well. Many interesting, pointed, and honest works are appearing in literature, theater, and film, more than at the end of the 1950s or the beginning of the 1960s. However, these works are not meeting with the broad social response we observed twenty–five or thirty years ago. Student audiences are not stirred as they were in 1956, for example, by the publication of Dudintsev's *Not By Bread Alone*. People are not gathering by the thousands in the houses of culture, institutes, and scientific research institutes to discuss the latest play or movie. Not only new rock groups but poems by new poets do not draw audiences in the thousands. There are no lines in the libraries for Aitmatov's newest novel or Gerasimov's stories or Akhmatova's *Requiem*.

There is some excitement, interest, attention, but there still is none of the enthusiasm, active support, or even radical change in mood that alone could serve as the most reliable guarantee of *perestroika's* durability. Writing in *Izvestia*, the well-known actress Alla Demidova noted:

> How quickly we grow used to everything! We are no longer surprised by newspaper exposés that bare all, and we only pass them along like some risqué joke: "Have you read this article? You haven't? Then read it!" While reading it we are for a moment indignant at injustice and then we go back to our daily lives again. The writers do a little writing, the readers do a little reading. . . . We've adapted. . . . We fear and distrust abrupt changes. And the form of self-defense we have developed is indifference, the most frightening symptom of conformism.

Valentin Rasputin takes a somewhat different approach to the same issue when writing in *Pravda* (May 5, 1987):

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> Many problems have built up; almost everywhere you cast your eye throughout the land things are bad. It would be foolish to expect radical results after two years of *perestroika*; work and more work is needed. But it also should not be forgotten that society's excitement—which we all worked for and secured—is still only excitement and not a firm position. Excitement can . . . once again turn into depression.

There are many explanations for this situation. Many people are playing more of a passive waiting game. Changes have been launched before, but they came to an end quickly without satisfying expectations. It was not only time that was lost after the early 1960s; a whole generation was lost, simply unable to fulfill itself either in science or in culture. It could not have been otherwise than politically passive and indifferent in the 1970s. That generation cultivated bourgeois, philistine pursuits in an almost deliberate manner. To overcome that social passivity is no easy task. The cultural revival or "cultural revolution" has only just begun and a great deal of effort must yet be expended to make it irreversible.

Translated from the Russian by RICHARD LOURIE □

To Our Contributors:

A few suggestions:

(1) Be sure to keep a copy of your ms—the mails aren't always reliable. And please remember that we can't return articles unless they're accompanied by a stamped, self-addressed envelope.

(2) Please don't write to ask whether we're interested in such and such an article—it makes for useless correspondence. Look at our last few issues to see if your idea fits in. Or take a chance and send us your article.

(3) Type your ms *double-spaced*, with *wide* margins. Check all your figures, dates, names, etc.—they're the author's responsibility. No dot matrix submissions, *please*.

(4) Notes and footnotes should also be typed double-spaced, on a *separate* sheet. As we're not an academic journal, we prefer that they, wherever possible, be dropped altogether or worked into the text.

(5) We're usually quick in giving editorial decisions. If there's a delay, it's because a few editors are reading your article.

(6) Please bear with us—we have accumulated quite a backlog of material, and you may have to wait for a few issues before you see your article in print.

THE EDITORS □

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Hermann Giliomee

A LETTER FROM SOUTH AFRICA

In July 1987, a group of Afrikaner dissidents met in Dakar, Senegal, with officials of the African National Congress. Among the Afrikaners attending were Frederick Van Zyl Slabbert, former leader of the parliamentary opposition, Beyers Naude, former secretary of the South African Council of Churches, the writers André Brink and Breyten Breytenbach, and the Capetown political scientist, editor of Die Suid-Afrikaan, *Hermann Giliomee, who wrote the following report for* Dissent.

History cast a long shadow over a recent meeting in Dakar, the capital of Senegal, between a group of 62 internal South Africans, most of whom were Afrikaners, and a delegation of the African National Congress (ANC), the exiled liberation organization. For a century now, Afrikaner and African nationalism have developed alongside each other. The first Afrikaner political organizations were founded in 1880, just a few years before the African ones appeared. Today both nationalisms vie for political control in an ever more lethal struggle.

None of the Afrikaners in Dakar could claim to represent Afrikanerdom. Many of them write in the Afrikaans press, but none has any real influence in the inner Afrikaner circles. Afrikaner racists branded the Dakar delegates as *volkverraaiers*—national traitors—for conferring with the ANC. The government of President P.W. Botha brands the ANC as communist-dominated terrorists who wage war on peace-loving South Africa.

By sitting down with the ANC delegation in Dakar the group of internal South Africans emphasized that the conflict is rooted in the country's history, one in which violence and atrocities have been committed on all sides. Dakar was an effort to break the attempts by Pretoria and the ANC to demonize each other. This position elicited a crescendo of condemnation in the pro-government press. It reached its peak in attacks by government spokesmen, particularly the Minister of Defense, General Magnus Malan. When the strongest bomb blast ever in South Africa occurred in Johannesburg a few days after the group's return, Malan declared "conferees with terrorists owe an explanation to those injured in the explosion."

This was deliberately to miss the point. As Peter Gastrow, a member of the South African group, said: "There will always be South Africans determined to investigate all possible avenues out of the cycle of death and destruction in an effort to establish a nonracial democracy."

Compared to the Palestinian Liberation Organization with its quasi-state organization, the ANC is a considerably more modest outfit. In 1983 its approximate budget was $100 million with a total membership of 10,000. It trains between 5,000 and 7,000 guerrillas, and maintains representatives in world capitals. Estimates of the number of foreign-trained insurgents inside the country range from a figure of thirty according to the South African police to 400 by independent analysts.

The real power of the ANC is not military. It is rooted in the political support it enjoys in the black townships of South Africa as the oldest and most respected organization fighting white domination. In a 1981 poll, 42 percent of black South Africans in the Witwatersrand area expressed the opinion that the ANC leaders were "the real leaders of the black people in South Africa." Only 17 percent opted for Chief Buthelezi, the Zulu leader who has fallen out with the ANC. In the same poll Africans in the KwaZulu and Natal region were asked what would happen if insurgents were to come in secretly and ask people to work with the ANC. Forty-eight percent said "most or many people" would help the ANC, a figure which went up to just below 60 percent among school-going black South Africans.

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Only eight percent said that nobody or almost nobody would offer help.

ANC support has undoubtedly increased since the widespread disturbances that have racked the country since September 1984. The ANC and its internal auxiliaries made scores of townships ungovernable by establishing street committees and people's courts as the de facto authority, enforcing school, consumer, and rent boycotts. In May 1986 the government was under concerted international pressure to set Nelson Mandela and other imprisoned ANC leaders free and unban the organization.

Then the wheel turned. The draconian second State of Emergency swept thousands of pro-ANC activists into detention. Considerable resistance appeared among liberal white Africans against the brutal methods some activists used to ensure compliance with the prolonged rent boycotts. While the gruesome "necklace" immolations were used by all parties, possibly including the security forces, most were seen as the work of activists loyal to the ANC. The ANC leadership in exile is ambiguous on this issue. Some of its executive committee have condemned it; others have depicted it as necessary to intimidate or liquidate collaborators with apartheid.

The ANC made a dramatic diplomatic advance in 1986 and early 1987 when its leader, Oliver Tambo, met separately with the political heads of the British and American foreign ministries. However, the organization has a long way to go before reaching the all-important next level—a meeting with Mrs. Thatcher and President Reagan. This year the going has been getting tougher for the ANC. With television coverage of the townships heavily restricted, international interest in South Africa's political drama has dropped. Since the beginning of 1987 state security forces are said to have become less involved in open clashes, with an 80 percent decline in "incidents" in the first six months of 1987, compared with the corresponding period in 1986. London and Washington are toughening their stand against the ANC. In Whitehall the question is again being asked whether the ANC resembles the Irish Republican Army rather than the advance guard of a genuine Africanist movement.

A serious backlash has set in among South African whites, including sympathizers with the black nationalist cause. As a Progressive Federal Party candidate said in Dakar, in 1981 it was still possible for him to get elected while insisting on the ANC's right to be incorporated in the political process; in 1987 he was defeated by an electorate that believed that a PFP victory would mean a short route to an ANC (and communist) dictatorship.

The Dakar discussions stumbled on assessments of the current balance of power. The ANC believed that it is still riding the wave, but some South Africans think that the ANC momentum has been checked for the time being and new strategies are required. Telling comments were made by a member of the South African group with first-hand knowledge of recent developments in the Eastern Cape, traditionally a strong ANC base, where it established virtual control over the townships in the early part of 1986: "I strongly doubt," said the delegate, "that your strategy has been effective. Thousands in the Port Elizabeth-Uitenhage area have been put out of work through sanctions and disinvestment without any commensurate gain. The townships are again under rigid control of the police, aided by vigilantes. The ruling class is using more effective methods, particularly house bonds, to co-opt a stratum of black supporters. . . . There is no evidence that you have brought the state closer to negotiation. The whites you managed to hit were local businessmen with little or no influence over national, or even city, politics."

Yet the state did not win conclusively. Most observers believe that once the State of Emergency is lifted, widespread unrest will again occur. A lack of confidence has seeped into the business community, which is holding back on new investments, thus exacerbating the serious unemployment situation. Moderate urban black leaders refuse to talk to the government about a new Constitution while the ANC is banned and Mandela and other leaders are in prison. The ANC cannot challenge the government but it can effectively veto any Constitutional initiatives with respect to blacks. Even the ultraloyalist Botha mouthpiece, *Die Burger*, wrote on July 29, 1987 (after the Dakar conference): "There can be no compromise with [ANC violence]. However, at the same time it is equally true that there is a serious desire for peace. The sparks remain alive that the protagonists of violence will come to their senses and will take a seat at the conference table."

Debating and consorting for a week with some of the senior ANC leaders yielded both pleasant surprises and disappointments. The major surprise was in Thabo Mbeki, 45, son of the ANC leader Govan Mbeki who was in jail for 23 years and was recently set free. In Mbeki the ANC has an heir apparent with outstanding skills. In opening statements at the conference one of Mbeki's codelegates took an intransigent line, projecting an inevitable showdown between the white government and the ANC. He also insisted that the ANC had the right to assume control over all the "democratic" forces inside and outside the country. This seemed to

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undercut the rationale of the Dakar talks except as an ANC exercise in public relations. It also left little space for liberals who reject apartheid but refuse to join a revolutionary movement. Moreover, the apparent insistence on hegemonic control during the struggle raised serious doubts about whether the ANC would introduce a multiparty democracy if it won power. In general, the South African delegates at Dakar had no great enthusiasm for replacing a white authoritarian government with a black one. By the end of the first evening several burning questions had been raised, and the ANC delegation requested permission to delay its reply to the next morning.

The reply by Mbeki and other ANC delegates the next morning established a common ground for debate. Violence, they seemed to say, is not inevitable or nonnegotiable. The nonnegotiable issue is the establishment of a nonracial democracy. Once whites clearly accept this principle, and once the government releases the political prisoners and unbans the ANC, the organization would have no problem with negotiations. Armed struggle is not an end in itself but a means toward resolving the conflict.

The principle of a nonracial democracy is attractive. But the question on everyone's lips was how the bulk of the white South Africans could be won to the principle. Furthermore, are the ANC and its strategies bringing the country nearer to accepting this principle? Or is it driving toward multiracial dictatorship, authoritarian, perhaps even fascist?

So the question repeatedly came back to the nature of the ANC. Is it basically interested in power for itself alone? How genuine is its commitment to nonracialism and a multiparty democracy? Obviously no clear-cut answer can be given on the basis of ANC statements at the meeting or, for that matter, Mbeki's considerable personal charisma. The structure of the organization and its own internal dynamics will provide a better indication of its future course. One decisive characteristic of the ANC is the serious tension between what can be called its organizational imperative and its commitment to certain ideals.

The South African government portrays the ANC as an organization in which African nationalists are manipulated by a small elite of hard-nosed communists. It alleges that twenty-three of the thirty-member ANC executive committee are or were active members or supporters of the Communist party intent on revolutionary warfare.

This view is simplistic. The ANC is much too amorphous to be manipulated by a small elite. Behind the appearance of unity there are major, potentially disastrous, cleavages. There is a generational cleavage between the young, embittered new recruits who demand instant action, and the older generation of exiles who insist on strategic thinking. There is also a generational cleavage between, on the one hand, people like Mbeki and Pallo Jordan, who are in their forties and emphasize an inclusive nonracialism, and on the other hand, the generation of the leader, Oliver Tambo, who speaks the language of assertive nationalism. There is tension between fervent Communists and someone like Mbeki who in a published article has unambiguously said: "The ANC is not a socialist party—it has never pretended to be one, has never said it was and is not trying to be one." The ANC's Freedom Charter, with its demand for the nationalization of the mining companies and banks, clearly serves as ideological cement. Deviation is not allowed because it would lead to major splits. Yet, one got the impression from what ANC delegates said in public or in private that they will hardly consider the Charter a practical guideline if they do take power.

This ideological diffuseness is a source of ANC strength but also of weakness. To convince itself that victory is certain it has to maintain a forward momentum on all fronts. Instead of choosing one strategy—say, a nonviolent mobilization of the population—it wants to escalate the struggle on every front. It insists on conducting a political struggle that would seek to establish alliances with groups such as businessmen, churches, academics, and students, while also trying to put more bombs and arms inside the country. It seeks to isolate the country diplomatically while also trying to strangle the economy.

Sadly, the ANC is pursuing this multipronged strategy without acknowledging, or—so it appears—admitting to itself that an armed struggle could negate its political strategy. "After all," as an Afrikaner delegate said at a Dakar session, "it will be virtually impossible to persuade your neighbor to admit the ANC as a player in the political process, much less support it, if bombs go off all over the place." This multipronged strategy probably explains a statement by a senior member of the ANC delegation in Dakar: "We want whites as much as possible to join the struggle . . . and if we say that, we cannot conduct an indiscriminate struggle against all whites." At the same time, operatives of the organization were probably planting bombs in the toilets of an airport. The ANC obviously wants to talk *and* escalate the armed struggle.

Here, then, is the reason why the organization refuses to meet P.W. Botha's condition that the

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ANC renounce violence before he enters negotiations. First, the ANC believes that with Botha as its head the government has no interest in genuine negotiations. But second, and more important, the ANC is haunted by the fear that even a suspension of violence may rip the organization apart or allow a radical opposition to outflank it, thus nullifying the decades of struggle. Hence, an escalation of all forms of struggle. Suspending violence could break up the organization; getting locked into futile negotiations would do the same. The problem with organizations like the ANC or PLO is not their strength but their insecurity. They are too insecure to take chances. Abandoning the armed struggle could not only wreck the cause but endanger jobs, offices, careers, and financial support from the outside.

History has ambiguous lessons for the ANC. Never before has such a small (white) minority held down such a large (black) majority against its will. On the other hand, no modern industrial state has been overthrown unless its security forces transferred their allegiance to the revolution. And as Gerard Chaliand, author of *Revolution in the Third World*, observed in an interview with *Die Suid-Afrikaan*, there is no record of an exile liberation organization turning itself into a nonviolent legal movement competing with others for power. Asking the ANC to denounce violence is to ask that it take a massive chance with no guarantee of survival.

Several of the South Africans at Dakar suggested that the ANC use available political structures in South Africa, particularly that it participate in regional initiatives such as the KwaZulu-Natal *indaba*, or other interim agreements that genuinely signal a break with apartheid.

During this discussion, ANC delegate Pallo Jordan told a revealing joke. A baboon, heeding the anguished cries of a python that lay pinned down, lifted the rock to set the reptile free. Immediately the python started to strangle the baboon. As they struggled, a fox came by and persuaded the two to accept his mediation. "The only way to solve the conflict," the fox said, "is for the python to assume his original position to see how it all started." The python obliged and the rock was replaced. "What do we do now?" the baboon said. "Let him be, you damn fool," the fox responded. "You know that he will swallow you."

In private conversations ANC representatives revealed how deeply suspicious they were of being swallowed by the "python" of interim arrangements in which they are not assured of control. The ANC's bitter experience with Chief Buthelezi obviously had a searing impact. According to several ANC delegates, the organization in the early 1970s decided to send Buthelezi to take over the KwaZulu government and establish an internal ANC political base. Buthelezi played along, they claimed, until he was strong enough to establish his own base. Since 1979 Buthelezi and his Inkatha movement have been the ANC's most formidable black adversary. Similarly, the ANC's promising relationship with the Colored leadership in the Labor party in the late 1970s turned sour, with the Labor party promptly accepting representation in the Tricameral Parliament the ANC hates.

Accordingly, the ANC's immediate instinct is to reject all interim arrangements and to insist on a position of authority over all the movements that oppose apartheid. But the demand that internal institutions such as universities submit to the "progressive forces" and sacrifice their principles threatens to destroy the middle ground. As one social scientist warned, it threatens to drive liberals on English campuses into the government trench. Mbeki again offered a more flexible interpretation. The ANC, he said, understood there were organizations which acknowledged the political leadership of the ANC, but that others wanted to retain their independence. The big challenge, then, was to achieve coordination among organizations about how the struggle for a nonracial democracy could be advanced.

Growing numbers of whites are prepared to divest themselves of racial privileges, but they hope to retain some control over their destiny, and therefore want to elect their own group representatives. But it was exactly this demand for white group representation that the ANC saw as apartheid in a new, more sophisticated guise. An ANC delegate remarked that the organization was prepared to promote a multiparty state but it would practice a "liberatory intolerance" toward those who propagate racism and even those who stand for ethnic group representation. On this, the possibility of a compromise stands or falls.

The South African group came home realizing that the ANC will escalate the armed struggle. It could not be argued with certainty that continued violence by the ANC was destined to fail. The ANC is not so naïve as to believe that it can take on the military might of the South African state. Its strategy is more subtle. Continued pressure, including violence, would, it believes, make white South Africa crack wide open. Put succinctly: The ANC pins its hopes on the white right wing as a "growing ulcer" in white society. Increasing ANC violence will make the right wing surge ahead until it

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paralyzes the government electorally and splits the unified police and military command in two. The ANC believes that upper-class whites would then turn to the ANC as the only basis for stable government.

This strategy should not be dismissed summarily. The ultra-racist Conservative party can no longer be considered a mere fringe party. Some serious analysts believe that it could paralyze the state if the Botha government in years to come turns into a nervous and fractious band. There is also a chance that increasing ANC pressure will bring into power a fascist regime that will stop at nothing. If that happens, the blacks who one day will inherit South Africa could well be some fascistic generals and colonels rather than the ANC, which has at least a history stretching back to 1912 of fighting for democratic rights. □

Mitchell Cohen

THE BUTCHER'S COMPANY

Did Klaus Barbie receive the defense he deserved? Before his trial in Lyon last summer for war crimes fades entirely into history, the question ought to be posed.

One imagines that the cynical old Nazi was aware that his acquittal was unlikely from the start. He even declined attendance at the proceedings; what right had French courts to try such a man as he? But surely the ex-SS chief must have enjoyed the attempt by his lawyers to shift attention from his deeds to the violence of colonialism, and especially their strenuous effort to accuse Israel of crimes against humanity. Presumably this was to show that those devilish Zionists are as bad as the Nazis.

The architect of this immorality play was Barbie's chief counsel. Jacques Vergès's clients have now ranged from the "Butcher of Lyon," as Barbie is called, to ultraleftist fanatics and Arab terrorists. It is difficult to discern if Vergès himself is an extremist of the left, an extremist of the right, or both at the same time. According to an article on "Europe's New Fascists" by Martin A. Lee and Kevin Coogan in the May 1987 *Mother Jones*, Vergès's role was a product of his collaboration with François Genoud, "a shadowy Swiss banker who loves Adolf Hitler," who is something of a godfather to European neofascists, and has had past links to the PLO to boot. In August the French weekly *Le Canard Enchainé* linked Genoud to Wahid Gordji, an Iranian official who was holed up in his country's embassy in the French capital to avoid police questioning about bomb attacks there (and who returned to Tehran in November in a trade for French hostages in Lebanon); it seems Gordji also paid for the publication of a neo-Nazi mail-order catalogue for a Paris book store. According to the *International Herald Tribune*, among the gems advertised are defenses of Marshal Pétain and books by "revisionist" historians who claim the Holocaust never happened, including Robert Faurisson (of Noam Chomsky fame). The blurb describing one Wilhelm Stäglish's *The Myth of Auschwitz* asks: "Did you know that the Jewish community of the town of Auschwitz was never deported?" And who emerged as a legal voice for Gordji? Monsieur Jacques Vergès. Discerning exactly who is or is not tied to whom or what or how is a rather foggy matter. But as the old pun goes, the plot seems to get ever sicker.

At the Barbie trial Vergès assembled an international "defense" team, including two Algerian and Congolese attorneys, respectively Nabil Bouaita and Jean-Marie M'Bemba. One imagines that this was to confront the West with Third World grievances in person. The very tactic was a crime against the Third World. These men might have taken their stand on the side of fascism's victims and, in a spirit of solidarity of the oppressed, called for unending struggle against all racism. That they chose spectacle instead, that they chose to present Third World grievances as Klaus Barbie's lawyers, delegitimizes any "J'accuse" they could utter. It tells us much more about them than about imperialism, whose victims surely deserve better.

The nature of this "defense" became particularly evident in the final week of the trial. Barbie, as is well known, was accused (among other things) of sending in 1944 forty-four Jewish children from the village of Izieu to their deaths in the extermination camps. Bouaita chose to grandstand in court by paying "tribute" to "the children of Izieu, Soweto, and Sabra and Shatila." Now, surely any decent person would pay tribute to these and all murdered children. But note which innocents were absent from his list. Those slaughtered in the Israeli village of Maalot by Palestinian terrorists, for example.

Indeed, let us imagine that some of the Izieu children escaped Barbie's clutches and made it to—of all places!—Palestine. And let us suppose them or their children killed some three decades later, say in a PLO attack on a civilian bus on the Haifa-Tel Aviv highway. Would Barbie's defense team then bow heads in tribute to them along with the young

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victims of Soweto and Sabra and Shatila? Or would survivors of Izieu in Israel have become fair game as Zionists, that sinister species vilified by its foes only as neoconservatives revile communists?

"Can you judge Barbie with a clear conscience?" This was the question M'Bemba asked of the jury after citing French colonial atrocities in the Congo and Madagascar. Need one minimize the brutality of imperialism by one whit to recognize such moral acrobatics for what they are? As if the "Butcher of Lyon" should have been freed because P.W. Botha cannot (unfortunately) be brought to justice. A judgment to be reached, surely, with bowed head.

It is, perhaps, no accident that such men chose to make their stand as Klaus Barbie's attorneys. In him they had a client they deserve. □

Jim Sleeper

SECOND THOUGHTS/ STUFFED HEADS

As a love that dared not speak its name and then refused to shut up, homosexuality was officially superseded last October by the breathless, embattled new patriotism of former "Movement" radicals who met in Washington to burst together out of the closet of "repressive anti-Americanism" that had imprisoned them since the 1960s. "Coming out" as a patriot, warned speaker after speaker at the "Second Thoughts" Conference, would mean losing one's friends, one's social standing, even one's job. Not to mention braving the scorn of the *Washington Post*'s Sidney Blumenthal, whose caricature of the conference-goers sustained their wildest nightmares of liberal media treason. Gosh, it's tough to love America.

Unlike gays, who've accurately identified the sources of their peril, second thoughters spent their weekend shadow-boxing with the phantasms of a "hate-America left" that they think has plunged the country into guilt and self-loathing, distorting the economy, and crippling the moral application of American power abroad. "American leftists are steeped in a tradition of conspiracy and deceit whose instruments are secret 'vanguards' and 'popular fronts,' through which basic commitments are regularly concealed and important agendas are always covert at the same time that charges of 'red-baiting' and 'McCarthyism' are invoked to shield the underlying allegiances from the scrutiny they deserve," succinctly wrote the conference organizers, ex-radical *Ramparts* magazine editors David Horowitz and Peter Collier, in a *Commentary* essay distributed as a manifesto for the movement they hoped to start with the weekend's recantations. "I nearly repatriated one leftist to America at the reception last night," Collier exulted, to applause, at the opening panel.

These preoccupations left second thoughters piteously exposed to such real threats to honest patriotism as the Reagan administration and the cultural contradictions of capitalism, whose relentless marketings of decadence and greed are subverting republican virtue at a speed that leaves the left as helpless and appalled a spectator as the Junior League. Even as a faintly pompous Rev. Richard John Neuhaus told conferees that "America is a rather fragile and audacious experiment and the ideas on which it is premised have enemies" and that "one has to join the small band truly committed to its defense," the congressional Iran-*Contra* committee was preparing its account of the rompings of one such self-appointed small band; the stock market's Black Monday was but forty-eight hours away; and Attorney General Edwin Meese was proposing to save the American experiment from leftist pollution with the Supreme Court nomination of Judge Douglas Ginsburg (it wasn't yet clear that the "left" had gotten to Ginsburg first).

One wanted to ask Neuhaus and neoconservative elders like Norman Podhoretz, Hilton Kramer, and Midge Decter what kind of patriot doesn't feel sickened, violated, and outraged by such government, or how the left can be blamed for television that spews trivialized sex and bloodshed or for urban nights closed by muggers and the cries of the homeless to carefree strolling and freedom of assembly. Not that some conference-goers wouldn't have fobbed all that off on the American Civil Liberties Union, rent control, and socialism's coddling of a lazy underclass.

Todd Gitlin, a sympathetic chronicler of the Movement, did implicitly challenge such notions of peril from the left in an exchange with Neuhaus about anti-Americanism in the 1960s. "What tribunals are we now to set up to say what's genuinely 'American'?" Gitlin asked. "The most resonant statement about the New Left I ever heard came from SDS's Carl Oglesby at a 1965 antiwar march: 'This war broke my American heart.' Most people felt it was something deeply American in them that rose up against the war." So do opponents of Reagan's foreign policies today.

Neuhaus's response was instructive. "Many who said they were fighting America in its own name were disingenuous because, at the same time, they were claiming that the war was endemic to

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'Amerika' with a 'k.' Well, one can't have it both ways." But Neuhaus himself was having it both ways by conflating two streams of protest; there was and is a "hate-America left," but socialist leader Norman Thomas admonished protesters not to burn the flag but to cleanse it, and many of us who never romped with Peter Collier's and David Horowitz's *Ramparts* hated the Best and the Brightest out of love for this violated land.

Should it be any different now that we have the Worst and the Dimmest? Surely Neuhaus & Co. miss Reaganism's penultimate lesson: that if not all who protest are sincere, neither are all who purport to defend America truly serving freedom. Unless, that is, the new patriots wish to argue that American banks and diplomats who held Polish totalitarianism's hand throughout the sixteen breathtaking months of Solidarity's ascendancy were protecting the American experiment from its enemies, or that Jacobo Timerman's Argentine military torturers better served American interests than democratic President Raúl Alfonsín. The silence from conference organizers on such matters was deafening.

Fortunately, it was broken unexpectedly by two groups of speakers, but, oh, how sad was their fate at the hands of a hundred-odd true believers. The first group, democratic refugees from the communists in Vietnam and Nicaragua, were trundled out like so many props from WPA proletarian theater, yet they refused to read their pro-*contra* scripts. Instead, they suggested there may be reasons, endemic even to "America" with a "c," why the United States backs Asian and Latin American dictators and terrorists of the right against indigenous anticommunist democrats like themselves. One such moment of truth came in a muted confrontation between Doan Van Toai, a Vietnamese intellectual who'd led a student democratic "third force" against Diem and Thieu as well as against the Viet Cong, and Midge Decter, director of the modestly-named Committee for the Free World, whose mission seems to be to convince Americans that anything short of military intervention in defense of freedom is no virtue.

Toai was telling the conference how he'd tried to welcome the victorious Communists in the name of national reconciliation, only to be imprisoned for declining to work on a plan to confiscate all private property. "To help you complete your eloquent testimony," crooned Decter from the floor, "I have a question that is short to ask and short to answer. You say we should support national liberation movements against communism. I would like you to name those movements and countries." Toai would not. "If you want to support any anticommunist movement, you must be sure the people created and support it and want to fight. I don't want to overestimate other resistance movements. How and when to support them we should discuss, because some support is counterproductive." As the drift of his answer became clear, Decter turned her back on him, and, chin defiantly aloft, sailed back to her seat. She told a neighbor that Toai—who has been imprisoned by three Vietnamese regimes for his democratic convictions—was afraid to name names because he lives in Berkeley and would be subject to reprisals.

Toai elaborated his principle for former human rights lobbyist Bruce Cameron, who was agonizing over having convinced Congress to withdraw aid to the Thieu-Ky regime: "It was just going to the pockets of the generals," Toai said. "It is a national shame for us that no South Vietnamese leaders stayed to die for the cause they'd made others fight for. The American policy of uncritical support for anti-guerrilla wars was hopeless under such conditions." Fausto Amador, a Nicaraguan social activist now leading a poor people's movement in Costa Rica after fleeing the Sandinistas, was particularly eloquent in his refusal to defend the *contras*.

The second group to doubt the integrity of right-wing anticommunism consisted of several Movement veterans whose renunciations of New Left folly hadn't thrown them into Ronald Reagan's arms. "Robert Frost said he never was a radical in his youth because he didn't want to be a conservative in old age," the black Jewish writer and former black power activist Julius Lester told the conference. "The role of the intellectual is to ask good questions, to have second thoughts, but you cannot do that if you feel guilty about being an intellectual. I was a radical, but I am not a conservative. Having balanced myself on the left leg for so long, I know that if I shift to the right leg, it, too, will get weary."

There were other such modulated insights from men in their forties who'd spent their youthful ardor in the antiwar movement, only to have their hearts broken by piles of corpses made by the Communists—and contemptuously dismissed, they claimed, by the American left—in Vietnam, Cambodia, Ethiopia, and Afghanistan. Counting the bodies, they'd been driven to the conclusion that America's constitutional revolution—so hobbled, so dishearteningly incremental to young idealists—is the only one that delivers freedom because it's based on a full accounting of human frailty and faction, while the beauty of the left's utopian poetry masks the terror that is the essence of spiritual greed.

Former Amnesty International director David

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Hawk, former National Student Association president David Ifshin (in 1984 the counsel to Walter Mondale's campaign), former foreign editor of the Marxist newspaper the *Guardian* Barry Rubin, and former SDS leader Jeffrey Herf recounted their sense of betrayal when old Movement friends vilified them for questioning the New Left's wisdom on the Khmer Rouge, the PLO, American missile deployments, and domestic black nationalists and their sycophantic white apologists. Several speakers described as a turning point their disgust with the isolation Joan Baez experienced after signing "An Appeal to the Conscience of Vietnam." But they emphasized that they remain Democrats, even liberals, on many domestic matters and cautioned that defending the "fragile American experiment" means challenging its putative right-wing champions.

Breaking with old friends over politics is painful, of course. But was Joan Baez really "isolated" for criticizing Vietnam? Or was it the case, as Peter Steinfels recalls, that many on the left like himself who would have signed the "Appeal" were never invited? Even before the end of the war, *Dissent* had the temerity to grope for a "third force" option in Vietnam; for doing so, it was vilified several times in *Ramparts*. Those for whom second thoughts amount to something more than psychodrama would be well-advised to reconsider again their disillusionment with the left, as did Jeffrey Herf in asserting, to grumbles from the pit, that "there is room in this country for a vital democratic left."

Poor pilgrims; they hadn't yet reckoned with the fury and contempt of the neoconservative elders, who on Saturday night took to the dais to exercise their well-known penchant for eating the young. An ingratiating Martin Peretz moderated a tribunal of *New Criterion* editor Hilton Kramer, *Commentary* editor Podhoretz, *Partisan Review* editor William Phillips, and *Public Interest* editors Irving Kristol and Nathan Glazer. All but Peretz and Glazer unloaded on Hawk, Ifshin, Herf, and the others, whose conversions were judged self-indulgent, incomplete, uninteresting, and at the same time insidious. "A few speakers said they were not ashamed of what they did in the sixties," rasped Kramer. "What moral vanity! You were all immoralists! We are all now paying the price! In the sixties you were all having such a wonderful time being young and stupid! In the eighties you are on the inside ruining the institutions!"

Kristol, as usual, was the incarnation of world-weariness. "I've rejected at least fifty articles on second thoughts over the years from people who broke with the Communist party and thought they had stories to tell. It's all so familiar. We've been hearing second thoughts ever since the French Revolution imported utopianism into politics. Second thoughts tend to be very boring. To go from communism to anticommunism is not enough. We have to understand why people embrace communism in the first place, and that requires intellectual work. Every generation goes through the same bloody game, finding the world not just unsatisfying but intolerable, and we have to figure out why this is so." Kristol said he hadn't a clue.

Podhoretz condemned the moral relativism of ex-Communist contributors to *The God That Failed*—"They refused to say a kind word about [the West,] the only alternative to the system they were afraid of." He seemed to forget that most conference speakers had been kind to America, indeed. "I can't remember a time when there was so much uncritical Soviet-loving as there is today," he complained. "I see a desperate effort by some speakers to cling to the idea of themselves as men of the left. Don't rest with these politically sterile, damaging ideas about social democracy and liberalism . . . but continue on to where logic leads."

At the closing session, former Young People's Socialist League president Joshua Muravchik urged "maximum tolerance within the democratic camp. The differences between liberals and conservatives, between free marketeers, welfare staters, and social democrats, are minuscule compared with the titanic struggle—yes, the Manichaean struggle—between democracy and communism." But Muravchik's counsel came too late, and, in any case, was sadly misguided; for something Manichaean had already unfolded within the right-wing patriotism of the conference itself. The gentler second-thoughters decamped from Washington shaken but, one hopes, wiser about the multiplicity of perils to all who love America. □

Patricia Cayo Sexton

THE ROAD TO MOSCOW

The road from Leningrad to Moscow stretches some 450 miles, a distance that I, on advice of my doctor, my conscience, and a consuming curiosity about some hidden aspects of Soviet life, set out to walk recently, in the company of 420 other American and Soviet walkers, and to the dismay of many friends who feared some tragedy would strike me or who were simply stunned to learn that the Soviets would permit the walk to happen.

That this peace walk, the first of its kind, relied often on buses and boats to get us to Moscow, did not detract from its astonishing scope and impact.

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We did indeed walk quite freely into scores of Russian towns where we were greeted, the press guessed, by some quarter of a million people, many of them waiting in heavy rains for our arrival, always with gifts of flowers, handshakes, kisses, embraces, and many tears.

Before the walk, a man from the U.S. State Department had urged us to split off from our group as we walked and talk with people privately, out of the range of the KGB or other listeners. He assumed that the Soviets would not tolerate such conduct. The advice proved largely irrelevant, however, for we were besieged by people seeking to talk with us, in whatever English they knew or whatever Russian we knew (quite a lot in the former case and pitifully little in the latter)* or to get our addresses in order to correspond with us later.

Mainly we talked about personal experiences (with jobs, schools, housing, etc.) and about peace. The letters we carried from American children seeking Soviet pen pals suggested how primitive our knowledge of each other's life-styles could be. One child's letter read:

> Dear Russian:
>
> I am wanting to be your friend. Last month I read a book called the *Ukrainian Egg Mystery*. It said you have cabbage, tea, lettuce, and spinach flavors of gum. What is it like in Russia? It is great here in California. What do you do to have fun? Do you have skating rinks or a Burger King? We like to skate, shop, and water wrestle, and we like to have friends spend the night. We want peace. Do you?
>
> Nikki, Capo Beach, Calif.

On a more advanced level, our own assumption was that greater cultural familiarity might help prepare the way for friendlier relations between the people, if not the governments, of the two nations. A constant refrain in Soviet responses was their passionate desire for peace kindled by the heavy casualties and Nazi penetration of their land during the Second World War. They voiced their gratitude for America's role in the war and their sense of cultural kinship with Americans, yet a question recurred: "Why do you hate us so much now?" Starting in Leningrad, a city that endured a 900-day Nazi siege during the war, most places we visited were sites of bloody invasions and occupation, and the words of a popular song dogged us on the walk, "We'll give you anything, but give us peace."

We visited war memorials *ad nauseam*, some believed, but these memorials have a special place in Soviet life and are visited often by war survivors, newlyweds, school graduates, and those memorializing other events. They cannot be dismissed as contrivances of the state, imposed on a forgetful population—any more than the Holocaust should be viewed as living now only in the memory of rabbis.

The outpouring of grief and peace sentiment overwhelmed us on the walk, sentiments rooted in war experiences such as relatively few Americans have known. In World War II some twenty million Soviets perished, compared with about 300,000 Americans, and this says nothing about the massive destruction of their homes and cities. Then too, an estimated twenty million Soviets died unnatural deaths during the Stalinist era, and before that some two million died in World War I, compared with 116,000 Americans. All told, at least fifty million Soviets died of wars internal and external in this century. The figures are reflected in the size of the officially sanctioned Soviet peace movement, which dwarfs that of the U.S.

So blinding has the effect of the cold war been that a *New York Times* survey found 44 percent of U.S. respondents unaware that the U.S. and USSR had fought on the same side in World War II. Almost a third thought they had fought one another, and only 42 percent believed that more Russians than Americans died in that war.

The walk's main event may have been the Glasnost Rock, as *Rolling Stone* called it, a July 4th peace-rock concert that drew more U.S. press attention to the Red Army troops guarding it than to the rock stars performing in it. In fact, the six-hour concert was the first such U.S.-USSR collaboration and the first rock concert to be held outdoors (in the soccer stadium), where security problems are magnified.

Like it or not, rock has become an international language for the young, creating a collectivity if not a total culture that often transcends national borders, inspiring a devotion among followers that was once reserved for church and state, and so it may be as subversive of established orders as the Soviets have charged. In this case it was a vital part of the complex religious, pacifist, and countercultural motives that inspired the walk in the first place.

The political auspices of the walk were a legitimate concern of many walkers, since some critics had described them as "commie dupes." But no evidence came to light that the U.S. sponsoring committee or the walkers were inspired by pro-Soviet rather than simple pro-peace sentiment, nor that sponsors on the Soviet side, the officially sanctioned Soviet Peace Committee (which de-

* There are said to be more teachers of English in the USSR than students of Russian in the US.

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scribes itself as privately funded), had motives any more ulterior than our own. The Soviet committee, whose director was a recent Gorbachev appointee, appeared to embody the best we can expect of Soviet officialdom. Although the U.S. walkers were a mixed political bag, the walk was endorsed by Senators Kennedy and Harkin (Iowa), Representative Pat Schroeder, SANE, the city of Portland, and assorted bishops and Christian clerics.

As for myself, having long spurned united fronts, it seemed immaterial to me in this instance, given the priority of the peace issue and the insanity of the arms race, whether or not communist-sympathizers had penetrated our ranks. The walk's intent was not to assess the virtues or vices of the Soviet system but only to promote the prospects of peaceful coexistence. Counting red noses was beside the point.

Various dissidents and critics came among us as we traveled, and one newly released political prisoner joined us in Leningrad and accompanied us all the way to Moscow, sleeping with us in our tents, riding our buses, and eating our food. The Soviet committee had him picked up one day, but he returned the next. Orders finally came down that only walkers could ride the buses. By then we had acquired a rather sizable group of camp followers so the rule made some sense.

On our last day, American walkers organized a session to which all the dissenting groups we could contact were invited. The session was a slam-bang affair, pitting American and Soviet walkers against each other. By clearing the air of hitherto muted criticisms, however, it proved a highly constructive finale to the walk. Unofficial peace groups (such as the Trust Group), refuseniks, Hare Krishnas, separated spouses, Christians, gays, and various others spoke of their travails. One critic summed up the complaints: "The socialist system and the nervous system," he said, "are incompatible." All had grievances, some profound, others trivial, and all were at least somewhat hopeful about *glasnost* (a word closer in meaning to a "challenge to speak up" than to mere "openness"), but on that day nobody spoke much about peace.

The walk's conception and execution were among its more remarkable features. It was conceived almost in a twinkling by a few young people who had stopped over in Washington, D.C., after the Great Peace March across country in 1986, and who decided without much fuss to visit the Soviet Embassy and ask about an American-Soviet peace walk. In a few months the ambitious project was assembled and launched. Its execution had the mark of inexperienced youth, but it worked. Had it been in more seasoned hands it might not have happened at all. In style and origin the walk was very much a California affair, with other people from the West Coast and hinterland places (especially Iowa) mixed in with a handful of Easterners.

We learned that even a few people can move a small mountain, that it need not take forever to do so, and that Soviets, whatever their reputation, can do very efficiently what they really want to do. Russian, it is said, has no word for "efficiency." "Left to their own devices," Hedrick Smith says, "Russians are generally an easygoing, disorderly and pleasantly disorganized and not very efficient people." One Russian dissident who joined us said, "Having a job is the Soviet unemployment compensation. Nobody works. They only pretend to work. Or they register for work but never go there." We had little cause to complain of inefficiency on the walk, but given the hardiness of the Soviets we met, we might yet be thankful for their relaxed and quite un-Teutonic approach to work.

The walk left vivid memories, good and bad—incessant rain, carnivorous mosquitoes, penetrating cold (in mid-July), rotten plumbing or none at all, decaying teeth in otherwise healthy-looking Soviets, white nights without a trace of twilight, multitudes of blue-eyed Russians, parks, woods, white birches and flowers everywhere, the new beauty of Moscow (compared to the ugly Stalinist Moscow I saw twenty-five years ago), late-night camp fires, the innumerable babushkas weeping over war losses, receptions in mosquito-infested woods with giant woodburning samovars set on white linen tablecloths, dozens of naked women frolicking in steaming Russian baths, a high school graduation in the town of Proletariat, sleeping in tents, collective and state farms, worker and student dorms, rest homes, Pioneer camps, trailers—and masses of courteous, generous, tough Soviets. At the new U.S. Embassy in Moscow, a beautiful though bugged installation, we learned how restricted official diplomacy can be and by contrast how freewheeling our own hands-on diplomacy was.

Our walk did not shake the world, but it did wake up quite a few people: 420 walkers (recruits from around the U.S. and all 15 Soviet Republics); the people back home who sponsored them; tens of thousands of Soviets who may have seen in us some hope for peace; the audience of the Soviet mass media, which gave us top billing every day of the march; the example for others and the sequel now in the works, a repeat performance in the USA—not to mention the support the walk's success may add to the new *glasnost* crowd and to those negotiating disarmament. □

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A Special Section

THE DEMOCRATIC PROMISE

Edited by Robert Kuttner and Irving Howe

Ideas for Turning America
In a Progressive Direction

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Irving Howe

Of Socialists, Liberals & Others

Some of the contributors to this collection of essays would describe themselves as democratic socialists. Some as liberals. Others as liberal-socialists. And a few perhaps as people of the democratic left who prefer not to be labeled.

So be it. Whatever our long-range outlooks, we all agree on the need for the programs advanced in these pages. Still, it may be of interest if I put down a few remarks about the relationship between socialists and liberals, as seen by one of the former.

With a large part of a forthright liberal program, we socialists entirely agree. We agree because we concern ourselves not only with our own long-range ideas, but also with the immediate needs of our country. We are glad to join with others who favor national health insurance, measures for helping black youth in the cities, programs for the unemployed, legislation for equal treatment of women, etc., etc.

But we must recognize that in America today socialism is not seen as an immediate option. That doesn't deter us from continuing to advance our views, but we also feel obligated to turn to urgent matters of the moment, in the hope that our fundamental vision will contribute to a better understanding of current problems.

On many immediate matters, then, we are the allies of American liberalism—at least insofar as it remains true to its best traditions of principle and militancy (something, alas, that isn't always true these days). And we are the allies of liberalism not only with regard to proposals for social legislation, but equally in its concern for the protection and extension of civil liberties and civil rights. It's an unshakable premise of our politics that freedom is the indispensable prerequisite for social and economic progress. Sometimes, especially in these lukewarm days, we socialists try to act as a "ginger group," pressing liberals to hold fast to their own ideas and values, without equivocation or retreat. We do this in good faith and in the hope that we don't appear to our friends as "know-it-alls." For we don't know it all.

Concerning some issues liberals and socialists can join in taking a step or two beyond conventional liberalism. Proposals can be heard these days on the democratic left that would, for example, subject the big corporations to a measure of social control. In a European context such proposals would be called social democratic; they don't signify the end of capitalist economy but they do stretch the dominion of society over the largely irresponsible corporations. Such proposals are very much on the order of the day.

Finally, our differences. Most liberals do not advocate, or see any need for, measures that would challenge the structure of property dominating our society. Socialists would do so. We believe that a serious deficiency of liberalism is its failure to cope, even analytically, with the role of corporate America. These corporations dominate our economic life and in consequence have great, indeed, unwarranted power in our politics and culture. As long as they remain in the hands of the wealthy few, our society remains fundamentally unjust in its socioeconomic arrangements. And this imbalance in economic life soon makes itself felt as a distortion of political life. The extreme inequalities of income and wealth in America, the maldistribution between rich and poor—this serves as one crux of the socialist critique. It is the ground for our proposals for a new social order, democratically arrived at and democratically structured, in which there would be a larger amount of equality, with arrangements for democratic participation and control in the workplace.

At present, as everyone knows, this outlook is not in accord with the views held by a majority of Americans. As principled democrats, we accept this as the reality. We continue to speak up, write for, agitate in behalf of our views. But at the same time we link hands with all those, liberals and others, who are working, step by step, for incremental improvements in American society. Sometimes we call this a politics of "the near and the far," immediate proposals and ultimate visions. The present gathering of essays is mostly devoted to urgencies of "the near," but we shall speak again about "the far." □

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The Democratic Promise

Harold Meyerson

DILEMMAS FOR THE DEMOCRATS

What Next in the Eighties?

This should be the Democratic moment. Well before October's crash, the Reagan administration had shuddered to an overdue halt, its own agenda unenactable and its viable agenda—arms control, last year's tax reform—lifted without acknowledgement from the center. The much-ballyhooed fifty-nine months of unbroken recovery never alleviated, and eventually succumbed to, a pervasive anxiety that the nation no longer controls its economic destiny. Polling conducted this summer, at the presumed peak of our economic well-being, with official unemployment beneath 6 percent and the market still soaring skyward, showed the public's primary concern to be the specter of renewed recession.

But the polling showed more than that. It showed an explicit, pre-crash rejection of Reaganism. By a margin of 55 percent to 41 percent, respondents to an ABC/*Washington Post* poll favored "a president who can set the nation in a new direction" over one who would "keep the country moving in the direction Ronald Reagan has been taking us." With the Reagan era ending, Republican unity is starting to crumble. The worldly faction, represented by George Bush and Bob Dole, is gingerly beginning to acknowledge that there may be a proper role for government after all in restoring the nation's competitive edge. The fundamentalists cling all the more fiercely to the yet-unrealized, thoroughly unrealizable, tenets of the Reagan Revolution.

The Democrats, by contrast, seem to have called a halt to the Twenty Years War between Establishment and Insurgents that has been a regular feature of their presidential campaigns. The old divisions have faded, so much so that the nonentrance of Mario Cuomo and the withdrawal of Gary Hart worked chiefly to benefit one and the same candidate, Michael Dukakis—for in 1987, the political spaces occupied by the respective champions of establishment liberalism and neoliberalism had grown so close that a single candidate could fill them both. By every normal index—Democratic consensus, Republican divisions, the exhaustion of the Reaganite agenda, the cyclical nature of American politics, the widespread anxiety that the Reagan recovery had failed to allay and the Reagan crash has greatly exacerbated—this should be the Democratic moment.

And, yet, it's not—at least, not yet. If history was running against the Republicans in 1987, biography seemed to have it in for the Democrats. But the Democrats' dilemma was more political than personal. At issue was not simply the flawed character of one or another presidential candidate, but a pervasive absence of political identity common to flawed candidates, exemplary candidates, and their party alike. In the normal course of American politics, after all, the kind of scandals that hit various Democratic campaigns in 1987 need not have proved fatal. To cite just three highly dissimilar candidates, Grover Cleveland (who fathered and abandoned an illegitimate child), Richard Nixon (in the "Checkers" fund scandal of 1952), and Jesse Jackson of "Hymietown"-

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Farrakhan days, all survived worse. But Cleveland, Nixon, and Jackson each had a base. Gary Hart and Joseph Biden, longtime national politicians, one the frontrunner, had none. They personified no identifiable cause, appeared to no constituencies as champions worthy of defense. That is to say, they were well within the mainstream of a party that has come to view advocacy of a cause or constituency, in the manner of an Edward Kennedy or Jesse Jackson, as prima facie evidence of unelectability.

As the party fine-tunes its managerial image, its identity slips away. If the Democrats have any bedrock identity at all, it is as the party that defends the common good against private greed, the average citizen against corporate power. But a succession of Harris polls taken last summer suggests that even on these issues, the Democrats have forfeited their edge. Asked which party they favored to give "people such as yourself a better break on taxes," respondents favored Democrats over Republicans by the very narrow margin of 46–42; asked which party was "better able to put the interest of the country over those of business," they gave the Democrats a relatively narrow plurality, 46 percent to 35 for the Republicans and 10 for neither.

The problem is not merely one of identity lost but of opportunity squandered. It is clear from the speeches of the Democratic candidates that they understand the renewed appeal of a competent and activist government. It is also clear that by and large they have not yet made a part of their message a third theme that the polling reveals: a tempered populism, a growing resentment toward a government by and for the rich. From polling commissioned by the American Federation of State, County and Municipal Employees (AFSCME) in early 1987 that showed high public irritation at government's favoring major corporations and the rich, to poll after poll showing at least two-thirds support for more steeply progressive taxation, the issue of government on whose behalf stands out—and goes largely unaddressed. The 1986 tax reform sham shows how out of touch the Democrats have become on these issues. Despite polling from the liberal Democratic Study Group that showed majority opposition to the bill precisely because of its waning progressivity, the Democrats passed and trumpeted legislation whose chief political utility, one year later, is to afford Paul Simon a sure-fire applause line every time he recounts how he opposed it.

After twenty years in which conservatives have set the terms of debate, the Democrats seem to have forgotten how to appeal to any populist, anti-establishment instinct—at the precise moment when the conservatives must finally bear the onus of being the establishment. By inclination and calculation, the Democrats are adjudicators, not advocates. Michael Dukakis, in the words of one Massachusetts observer, would bring to the White House "the city manager form of presidency," an assessment that says as much about Democratic substance as it does about Dukakis style.

With both whimpers and bangs, the Reagan age is ending, but this is a fact the Democrats are not yet fully able to exploit. For the approaching end of hard right rule has done nothing to resolve the Democrats' doctrinal crisis, nothing to free the party from the paralyzing embrace of money and its politics, nothing to reassemble and reinvigorate the institutions whose decline has shriveled the party to a hard core of politicians, donors, and campaign technicians. Three factors—the internationalization of the economy, the party's internal class conflict, and the long-term demobilization of the American working class—define and delimit the terrain on which the Democrats operate. They are the Democrats' dilemma, and while the Democrats with some difficulty can recapture the White House without resolving them, they must ultimately solve these problems if they mean to stay.

Money and Class Problems

● *The internationalization of the economy*, of course, has posed serious problems for every left-of-center party in the West, substantially freeing the economic realm from the kind of national political control to which these parties had subjected it in the decades after World War II. It has altered the political terrain, forcing the left no less than the right to justify social

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programs by their effect on national competitiveness. It has placed limits on such traditional Keynesian policies as raising the social wage and creating public-sector employment, posing a problem for today's Democrats in much the same way that the destruction of patronage jobs fatally undermined the credibility of the pre-New Deal urban machines.

Still, there are parties far to the left of the Democrats in nations more completely enmeshed in the transnational economy that have survived, if not exactly flourished, in better shape than the Democrats over the past fifteen years. The Democrats' distinct dilemma emerges not simply from a new economic order, but from the superimposition of that order over conditions peculiar to the Democrats themselves.

● *The conflicting tugs of class*, at first glance, should be diminishing within the party, not growing stronger, for in each successive presidential election, the class tilt of the party grows more pronounced. According to data compiled by political scientist Martin Wattenberg, the Democratic advantage over the Republicans among the poorest 10 percent of the electorate doubled between the 1956 and 1984 elections, growing from 18 to 36 percent. The Democrats' advantage among the next 20 percent grew from 22 to 29 percent. Correspondingly, the margin by which they trailed the Republicans among the wealthiest 10 percent grew from 22 to 33 percent. By the calculations of the *Washington Post*'s Thomas Edsall, in the mid-1950s, 34 percent of Democrats came from the poorest third of the electorate; by 1980, the figure had risen to 38 percent. Democrats from the wealthiest third of the electorate declined over that same period from 32 to 29 percent.

So crafting an economic policy that satisfies the Democrats should have been growing easier, but it has not—for this is the party at high tide, the party defined as those who vote Democratic in presidential and other general elections. But there are parties within the party that impel that policy in other directions. The first of these is the party that votes in primaries, which outside the South is a party rooted disproportionately in the upper middle class. (In 1984, however, the effect of the Jackson candidacy and the AFL-CIO endorsement was to diminish this class tilt somewhat. Moreover, the continuing decline in voter participation is now steepest within those groups with relatively higher rates of participation: the other groups have already hit bottom.) As a distinct grouping, the primary party is more liberal on social issues and less populist on economic issues than the broader party. By the mid-1970s, the rise of the primary and the Democratic victories in historically Republican districts as a consequence of Watergate produced a generation of office holders who faithfully reflected those politics, which have become, as we shall see, the dominant Democratic politics. (The primary party in the South, by contrast, is disproportionately black and stands to the left of the rest of the Southern party on both social and economic questions.)

The second sub-party that sends the Democrats conflicting signals is the party of money. Its fortunes rise with the cost of campaigning—that is, they rise steadily. The cost of winning a Senate seat has risen on average five times in the past decade (winning Senators spent $20.1 million in 1975–6; $104 million in 1985–6); a House seat, four times. The cost of all candidacies for the California State Legislature has risen ten times between 1970 and today ($6 million then; $60 million in 1986). In sum, even as the lower-class character of the Democrats' voting base grows more pronounced, the Democrats scurry ever more vigilantly after major donors—a sure-fire prescription for an identity crisis.

Foremost among the major donors being pursued by the Democrats are the Political Action Committees (PACs). PAC donations constitute an increasing share of the Democratic dollar. While the costs of Senate campaigns were rising five times in the past decade, PAC contributions were rising nine times (and seven times in the House as against four times for overall costs). PACs are perhaps the chief funder of the permanent government—those preponderantly Democratic members of the House whose seats are safe and whose power over legislation is considerable. As the designated Democratic fund-raiser for

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House Democrats through most of the 1980s, California Representative Tony Coelho managed simultaneously to preserve his party, mortgage it off to business interests, and get himself promoted to the position of Democratic Whip. In theory, of course, a PAC contribution need not have a corrosive effect. As the late Jesse Unruh once counseled incoming members of the California Assembly on the subject of lobbyists, "If you can't eat their food, drink their booze, screw their women, and then vote against them on the floor, you've got no business being up here." But then, Unruh was an idealist.

Beyond perpetual temptation, what message in aggregate do the Democrats receive from the PACs? In his book *The New Politics of Inequality* Edsall concludes that for every "left-wing" PAC dollar (from unions and liberal groups) that the Democratic congressional delegation received in 1981–2, it received a matching "right wing" PAC dollar (from corporations, trade associations, and conservative groups). Among congressional Republicans, the ratio was thirty–three right-wing dollars for every one from the left—one reason the Republicans have had a clear ideological thrust throughout the 1980s while the Democrats have not.

The 1980s have also seen the Democrats develop their own instrumentalities for tapping the business and development communities. At the instigation of then-Democratic National Chairman Charles Manatt, the Democrats established their own Business Council in the early 1980s to bring business input and business money to party councils. In 1985, a collection of one-time Mondale money men, hailing primarily from the lands of real estate and arbitrage, formed IMPAC, dedicated to bringing the party back to a more "moderate" position and funding those candidates who passed the moderation tests. IMPAC played a central role in recruiting Albert Gore to the Presidential race.

IMPAC and the Business Council have no great influence on specific policies (as some PACs do); they simply add the clout of money to efforts such as those of the Democratic Leadership Council to route the party in a more conservative direction. Beyond these inner circles lies the world of national Democratic funders—thousands of Democrats, generally quite liberal on social and foreign policy issues, centered in a few major cities, New York and Los Angeles above all. (All twelve presidential candidates had fundraisers in Los Angeles this past October.) Not only presidential but Senate and House candidates spend a great deal of their time ensnared in this world of *shnorring* and brie.

It is not that by so assiduously courting money the candidates cut themselves off from the world of the activists. In what is still Ronald Reagan's America, these donors *are* the activists. Consider, for instance, the theory of political involvement promulgated by the Democratic technician who arguably had the most successful 1987: Dukakis's campaign treasurer Robert Farmer. Farmer established a pyramidal network of thousand-dollar donors, many of them first-timers. Asked by Mary McGrory why so many made the donation, Farmer replied, "There are 234 million Americans in this country, and most of them have never been asked to participate in a presidential election." Farmer is right. In 1987, the thousand-dollar contribution has little to do with influence and less to do with access. It is simply the most available form of participation.

Confirming the Farmer Theory of Uneven Development is Marshall Ganz, organizing director for the United Farm Workers in their glory days, and mastermind of the Get-Out-The-Vote campaign that saved Alan Cranston's senate seat in 1986. Ganz was recently asked by the incoming mayor of a large sunbelt city to find someone who could put together a mass-based political organization in that city. Ganz interviewed canvass directors, campaign field directors, officials of community-based organizations, union organizers. "I talked to nearly a hundred people," Ganz says. "Not one of them had any experience putting together a political organization or the slightest idea how to do it." He had to tell the mayor, "Sorry—no one knows how."

- *The demobilization of the American working class* and the slow demise of its institutions is the central fact in the recomposition of American politics and the many contortions of the Democratic party. The problem is not so

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much that the old party machinery ceased to function some decades ago. It is more that virtually every organization that has done the work of mass politics over the past half century—unions, the civil rights movement, the feminist movements, the middle-class reformers—has experienced considerable decay.

The eclipse of the old party machines at the hands of the substitute parties began with the rise of the CIO. Tammany's 1943 sale of its Hall to the International Ladies' Garment Workers Union (ILGWU) was a sign of things to come: the unions, not the party, turned out the vote in 1944 and 1948. The institutional problem for the Democrats, though, is: What comes after the ILG? The New Left failed to outlive the hollowed-out institutional legacies of the Old; the reform movements of the 1950s and 1960s did not long outlive the vestigial machines they were pledged to destroy. With two exceptions, at the base of the party today there is no organizational life, just disaggregated individuals whose only opportunity for political participation comes in the form of the direct-mail fund solicitation. The poll tax is gone, but there is now a fee for political participation—indeed, the fee *is* the participation.

Labor's Collapse

The most serious collapse that has demobilized the Democrats is that of the labor movement, whose share of the work force has been effectively halved over the past thirty years. For years, labor's decline was obscured by its relative successes at the insider game—at lobbying, at writing the party rules, at funding political campaigns. But labor's inability (and for many union leaders, unwillingness) to organize ultimately undercut its ability to play the inside games, and, more seriously, greatly weakened the social democratic component within the Democratic party and injured the party at the polls. If the 1984 presidential election were replayed with the rate of unionization at its 1955 high, the Democrats would have picked up an additional 4 percent of the vote. Had the unions organized the South, the Democrats' "Southern White Male Problem" would also be diminished. Fifty percent of unionized Southern white males supported Mondale in 1984, but they comprised only 11 percent of Southern white males. The nonunionized 89 percent gave Mondale 23 percent of their vote. In the light of these numbers, George Meany looms as a key figure in the Democrats' decline, not so much for his foreign and social policy as for his resistance to new organizing—with "honorable mention" going to those Democratic senators who opposed labor law reform.

Two forces that have resisted these entropic tendencies are the Citizen Action groups and the Rainbow Coalition. Like the machines and unions of yore, both the Rainbow and Citizen Action usually are rooted in ethnically homogenous working-class neighborhoods. They command the allegiance of their participants (the Rainbow doesn't really have members) through the urgency of local struggle or through charismatic leadership. One could argue that the communities they represent are exceptional—characterized by uncommon levels of solidarity and immobility. Yet creeping immobility is the dirty little secret of American life since 1973, so much so that the party would do well to appropriate more of the Citizen Action model, and more of both groups' populist perspectives.

If neighborhood organizing is not on the party's priority list, that is partly a result of the eclipse of the contested district election. Some 98.4 percent of congressional incumbents seeking reelection were returned in 1986, seven-eighths of them with more than 55 percent of the vote—both all-time records. Bolstered by sharpened skills at drawing district lines, by an increasing capacity to provide constituent services, and a bottomless pit of PAC money, incumbents need not worry about serious opposition. Contested elections are increasingly confined to nongerrymanderable cities and states, jurisdictions often too large to conceive of effective field campaigns.

The hollowing of the Democrats' mass-based organizations is by no means confined to unions, as Walter Mondale was to discover in 1984. The consensus candidate of all Democratic organizations, Mondale ended up with a vote not much higher than that given George

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McGovern, candidate of the Democratic fringe twelve years earlier. The center has not held. In 1984, Gary Hart waged the party's first successful anti-institutional campaign: he was not opposed to the unions' positions, he was opposed to the unions' involvement. By 1987, no institutions (excepting IMPAC) could plausibly offer enough support to recruit their favored candidates into the race. The AFL-CIO could not convince Mario Cuomo, nor NOW Pat Schroeder. Except for the Rainbow—a kind of marginalized social democracy that is more a force than an institution—voters within the bottom half of the economic spectrum who comprise more and more of the Democratic electorate in general elections have less and less of a voice in the Democratic party and thus in national political discourse. Except for the Rainbow and Citizen Action and some institutional remnants, the Democrats have no troops.

Yet politicians must stand for election whether or not there is a party. What the Democrats have done in the 1970s and 1980s is develop a series of mechanisms that acknowledge rather than challenge the demobilization of their base, and express rather than alter the class stalemate within the party. They have developed a politics rooted in that stalemate, pitched to a new majority based neither on class nor race nor reality, and campaigned for by an organization that takes in money and turns out a message, with no use for institutions and volunteers should any wander in. Some of these accommodations will not outlive the Reagan Age; others will be more intractable, and none more so than the current mode of campaigning: a politics without people.

The High Price of Winning

• *Capital-intensive campaigning* (the phrase is Marshall Ganz's) has been the dominant, and now the pervasive, form of campaigning in America for several decades, but only in 1986 could the Democrats claim to be as proficient in it as the Republicans. Among the reasons the Democrats retook the Senate in 1986 was the "comeback" of the national campaign committees and the unions—not as mass participatory entities, but as institutions whose polling, fund-raising, targeting of races and recruitment of candidates were highly effective.

Capital-intensive politics has changed the identity of the party leaders. It is no longer the state and county chairs to whom the media go for reaction to political events (with the rule-proving exception of those in Iowa and New Hampshire); it is the new technicians—the pollsters, media consultants, donors and fund-raisers who make up the brave new party. Similarly, capital-intensive politics has transformed the world through which candidates move. For the Democratic presidential candidates (with the partial exception of Jackson), all 1987 is divided in three parts: Iowa, New Hampshire, and fund-raising, and fund-raising is the largest of the three. As I write this piece, for instance, I have before me the advance schedule for Bruce Babbitt for October and November. Almost half of Babbitt's scheduled time is to be devoted to fund-raising, chiefly in New York and Los Angeles, with additional forays to Chicago, San Francisco, Texas, and Florida. Another third of his time is to be spent in Iowa and New Hampshire, with the balance occupied by debates and debate preparation. There remain five days on which he speaks to or meets with groups to enunciate policy and seek support that is not purely financial. Babbitt's world and that of his fellow candidates is a smaller one than that of his predecessors, and it has grown more uniform as mass-based politics has vanished.

Television is at the center of capital-intensive politics, but surely television is as much the symptom as the cause of what ails our politics. To be sure, television has helped erode distinct publics—but so has the increased mobility of postwar American life. Where distinct publics persist outside the mainstream—as, say, with black America—it is not because they lack access to television. To be sure, television constricts the "retailing" of messages, the tailoring of themes to special audiences. But Ronald Reagan has conclusively demonstrated that television does not always mandate an ideological blandness. Nor does television create a nation of political couch potatoes: the civil rights and antiwar movements and the New Right all arose in the television age; indeed, arose faster due to

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television. That television tends to trivialize political discourse is surely true, though the same can be said of the most popular forms of earlier political expression—the torchlight parade, the party papers and the penny press. That television makes campaigning more expensive is incontestable, but the costs of contested district campaigns that do not use television have been rising just as steeply.

Indeed, if the essence of capital-intensive politics is the substitution of media for mass participation, that substitution is most glaring in district election campaigns, which consist chiefly of the raising of funds and the production of targeted mailings. The FEC's breakdown on all spending in 1986 Senate and House races did not include "Field" as a category, and surely some field expenses were subsumed under salaries. Still, if we look to "Other" as the heading under which would come the production of materials to be disseminated by volunteers, we find it made up a scant 2.2 percent of all Senate race funds and 9.6 percent of all House race funds.

Inevitably, capital-intensive campaigning invests in the politicians and technicians who control funds and mailings the powers traditionally reserved for the party. Electoral politics in California, for instance, consists of little more than a number of politicians able to raise great amounts of money, which they invest in the races of their allies, and in advertising, mailings, and slate cards across the state. The most nearly complete of California's substitute parties is the Waxman-Berman machine—a machine that pols of the old school might not recognize as a machine at all. Representatives Henry Waxman and Howard Berman and their allies are among the most liberal members of Congress, and their pet causes—national health insurance, stricter clean air standards, farm worker rights—are causes whose only rewards are those of conscience. As befits California, this is a new-age machine: no patronage, no people. But Waxman-Berman and their allied consulting firm are the nearest thing to a working Democratic party in the nation's largest state. They not only recruit candidates and raise and dispense the funds they need. Their consultants draw the lines that become the boundaries for California's districts, wage mail campaigns, and mail millions of slate cards across Southern California that voters take to be the endorsements of the local Democratic party—an organization which in fact exists but which lacks the resources to get its own slates widely distributed.

The question of who goes on a slate card, of course, involves a range of political considerations, and when parties decide who's on and who's off, they do so in conventions or in primaries or in backrooms—and in any one of these venues, there would be more room for popular pressure and public accountability than there is in the substitute party of politicians and consultancies. Waxman and Berman, I hasten to add, are not the problem. The problem is a system that amounts to the privatization of the nomination process.

Capital-intensive campaigning, then, often affords no mechanism for accountability. By its very nature, it also fails to renew itself, to bring new people into the system. "Today's best consultants," Ganz points out, "entered politics as volunteers on the McGovern, McCarthy, Bobby Kennedy campaigns. It was an experience that produced people who gave their lives to politics." Not merely the substance but the structure of capital-intensive campaigns precludes such experiences today.

The Substitute Majority

By the mid- and late-1970s the demobilization and shrinkage of the Democratic base set party strategists on a hunt for a new majority. Taking the point on this mission was Pat Caddell, the first strategist to grasp how extensive was the decay of the traditional Democratic institutions. To a rather amazing degree, Caddell made strategy out of autobiography. His cutting edge forces, his emerging majorities, were always engaged in struggles similar to his own: first, the outsider majority contesting the corrupt Beltway establishment (the Carter campaign), augmenting this as time passed with a generational majority seeking its destiny and held back by stodgy elders (the Hart and Biden campaigns). There is no greater index of Democratic disorientation than that this solipsistic strategy became the centerpiece of the party's strategic thinking.

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To begin with, there is considerable question whether Caddell's baby boomers are a distinct constituency. A few issues of social policy, chiefly those of individual liberty vs. communitarian traditionalism, split clearly along generational lines (such as the 1986 vote on retaining California Chief Justice Rose Bird). But on economic and foreign policy questions, divisions of class, race, culture, gender, and region splinter this tenuous majority; recent *Times-Mirror* polling suggests that the boomers are really four distinct groups.

If they are not a constituency, even less are they a political base. The Caddell band of outsiders, as Jimmy Carter discovered over four long years and Gary Hart and Joseph Biden found out over two short weeks, is no base at all. Though Caddell's diagnosis of the decay of the traditional party was thoroughly accurate, his new majority was unready at best, nonexistent at worst.

The Reagan Revolution, by contrast, was premised on a base nowhere near as nebulous. The Reagan Republicans understood and delivered for their base—if not entirely for traditionalists over modernists, then decisively for rich over poor, white over black and brown. Reaganism grew from a base that can be described in class and race terms with the utmost precision. For the Democrats, then, the Reagan Revolution was a time of a corollary unpursued—for if the Republicans had consolidated a party out of the upper and upper-middle classes, surely the Democrats could direct a message and strategy to the classes beneath. But it was precisely these classes that the Democrats declined to address in the 1980s, and in this perspective, all of Caddell's emerging forces—the baby-boomers, the ranks of the disaffected and unaffiliated—can be seen as substitutes for the base the party had chosen not to cultivate.

The Politics of Stalemate

For the Democrats, 1987 was a year of good feelings, albeit punctuated by periodic self-destructions. The party is awash in debates without differences; Al Gore is attempting to break out of the pack by magnifying rather marginal dissimilarities. The AFL-CIO and ADA voting records for those candidates who have served in Congress range, during the 1980s, from the low eighties to the mid-sixties. With the definite exception of Jesse Jackson, the Democratic field operates within a rather narrow consensus (and even Jackson is disinclined and unable to stay outside the consensus on a number of issues).

The Democratic consensus is defined by the triumph of the center-left on social and foreign policy, the center-right on economic policy. The increased voter participation of Southern blacks has destroyed the Dixiecrat wing of the party; and where the question of which race shall control a city remains heated, the northern Wallaceites, the Rizzos and Vrdolyaks, have joined the Republicans. The rightward pressure on foreign policy from the AFL-CIO and Beltway cold warriors has diminished with the changing balance of forces within the labor movement.

On social issues in particular, the Democrats are a liberal party. They cannot change their positions on abortion rights and affirmative action to take back Hamtramck, Michigan, or the working-class suburbs of Chicago, or the Southern white working class. Focus-group studies with voters such as these suggest, however, that alongside a sometimes virulent racism exists a strong populist streak: a conviction that government favors the big operators and the corporate interests, an anger that government fails to defend their interests against banks and insurance companies and utilities and the like. The polling has shown consistently ambivalent attitudes towards big business: anger at the favoritism it receives, support for the role it has been presumed to be taking in the revitalization of the American economy. Unfairness has been partially forgiven in deference to the need for efficiency, a tenuous balance that may well come unstuck in the wake of the crash.

But the triumph of the center-right on economic issues has blocked any clear populist response to these Reagan Age frustrations. As the demobilization of the working class grows steadily more profound, the defenders of a working-class economics have been driven from the field. The cycle began with their defeat in the Carter administration on full employment and national health insurance, and on two proposals

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that would have strengthened the party in general and its working-class component in particular: labor law reform and universal voter registration. The cycle deepened with Carter's defeat of Ted Kennedy in the 1980 primaries, and may have hit bottom when the 1984 Democratic platform failed to commit the party, for the first time in the postwar period, to full employment or national health.

The past year has seen a modest relegitimation of government, but on an economic and ideological terrain misshapen by the legacy of Reaganomics. Health insurance, for instance, has been resurrected, though the role of the government in these proposals is to require that employers provide it. The deficit inhibits any moderately forthright social democracy, and in this not-quite-yet-post-Reagan period, the welfare state returns only by virtue of being contracted out.

To be sure, full employment has reentered the Democratic candidate's phrasebook after six years on the list of proscribed words, and Jesse Jackson is advancing an off-budget program for funding it through the use of government employee pensions funds. The one area in which Democratic candidates are actually willing to pledge an increase in spending is education. It is the safest of choices, the foremost priority of a corporate leadership that recently discovered its workers cannot read, and it is, according to AFSCME-commissioned polling taken last winter, a higher priority for the upper half of the economic spectrum than the lower half. That is, the Democrats gravitate most naturally to advocacy for cross-class causes. On issues such as fairer taxes, where there is broad support save at the uppermost end of the economic spectrum, the candidates are silent—due in part to the Mondale debacle, in part to wariness in the aftermath of the crash, and in part to capital-intensive politics. The ideology and program of the Democrats this year (again, with the exception of Jackson) are expressions of class stalemate. That stalemate is at the base of such oxymoronic proposals as Bruce Babbitt's progressive sales tax; it explains the marvelous phrase "human capital" (we're for labor, we're just afraid to say the word).

The question is, how does it all play?—this new regime of capital-intensive campaigns pitched at some indistinct emerging majority with politics that are liberal on social issues and mush on economics. To be sure, if the crash leads to recession, the Democrats can probably win no matter what they say, but sooner or later they must confront the question of whether this new party they are both crafting and drifting into is a viable one.

If ever it was viable, 1986 was the year. On the strength of very careful targeting of resources and with the Reagan agenda spent, the Democrats recaptured the Senate—but with a total vote considerably down from their total four years earlier. The Democrats won 57 percent of the vote cast for House members in 1982 (admittedly, a recession year), and 52 percent in 1986, yet their gains in 1986 were much more significant. Of paramount importance, their base is shifting. The gains and losses the party has experienced over the 1980s flow rather clearly from capital-intensive campaigning, from liberal social policy and tepid economics. As this composite of CBS/*New York Times* exit polls demonstrates, the Democrats in the 1980s have gained at the peripheries and lost at the core.

The Democrats' victory in 1986 occurred despite collapsing voter participation: it was at one and the same time a triumph and an indictment of capital-intensive campaigning. Turnout was

THE DEMOCRATIC VOTE IN ALL HOUSE CONTESTS (in percentages)

Category of Voter	1982	1984	1986
Over $50,000 yearly income	37	39	47
Unemployed	71	70	63
Blue Collar	64	58	55
Under $12,500 yearly income	73	63	56

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lower outside the South than at any time since before the institution of universal manhood suffrage, a mere 160 years ago. Beyond question, the Democrats are becoming more adept at playing the game on fundamentally inhospitable terrain. No working-class organization, no voter participation? Fine. We will abandon our historic commitment to the working class, shun populism, ignore the unregistered, raise oodles of money, bend all efforts to winning the enlightened portion of the upper-middle class, and we will win! Well, sometimes.

For Democrats can win no more than occasional victories if the political terrain is tilted so steeply against a working-class politics. As four of the last five presidential elections attest, Republicans are the natural party of national government in a demobilized nation. A liberal party in a conservative time faces two conflicting challenges: to adapt sufficiently to survive, and to rebuild its base for a return to power when the moment comes. The Democrats' dilemma is that almost all their mechanisms of survival through hard times—their increasing dependence on money and PACs, their focus on the upper-middle class electorate, their silence on questions of corporate abuses and tax regressivity—undercut their prospects for a return to health in better times. (That is why the Carter administration's failure to enact labor law reform and universal voter registration is so unforgivable: these were not trade-offs, but opportunities to arrest the decline of the Democrats' base with no great risk of alienating middle and upper-middle class voters.)

The current period in Democratic politics bears some striking similarities to that at the end of the 1920s and the beginning of the 1930s, and not simply because of the crash. For the Democrats, the 1920s was a time much like the 1980s—record low voter turnouts, the destruction of unions and the marginalization of progressives, the growing dominance of business in party circles. At a time when the business of America was said to be business and was actually speculation, the Democrats worshipped at the same shrines as the Republicans. "God forbid that the Democratic party should become a mere gathering of the unsuccessful!" cautioned John W. Davis, the Wall Street lawyer who was the party's 1924 presidential nominee. The Democratic National Chairman during the Hoover administration was John J. Raskob, an industrialist with close ties to Du Pont and General Motors. It was the goal of the Raskobs and the Davises to build a party for conservative times, and they prefigure the Manatts and Coelhos and IMPAC of the 1980s.

Leaving Leaders Behind

As the miniparty of the 1920s grew into the mass party of the 1930s, as its working-class base grew in size and militance, the one group that did not come along with it was its 1920s national leadership. By 1936, the party's Jazz Age presidential candidates, Davis and Al Smith, along with Raskob and other national leaders, were among the leaders of the anti-New Deal Liberty League. Roosevelt, we should recall, was invalided and recovering during the most reactionary times of the 1920s, winning New York's governorship quite narrowly in the last election of the 1920s (1928), winning reelection handily in 1930 as the world began to move his way. The question this raises, of course, is whether the leadership of the party that holds office by virtue of accommodation to the conservative order can provide the effective leadership the party needs as conditions become more friendly. In this regard, perhaps one of the best things that can be said about the current Democratic field is that while they may lack a positive identity, at least they are so obscure that they are free to invent their politics in accord with changing times. Whoever emerges as the Democratic nominee in 1988 will probably run a somewhat more progressive campaign than Mondale in 1984 or Carter in 1980, but the structural conditions of a conservative epoch will clearly limit his liberalism, and Monday's progressive pronouncement is likely to be followed by Tuesday's conservative one. At best, 1988 will be an interregnum, a transition between periods. At best, we are moving from a time of error to one of confusion.

Promising Proposals

Herewith, then, a few modest proposals, short-term and long, first to get us through the night,

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then to keep the sun shining. For 1988, some populism. For the past decade, millions of Americans have suppressed whatever resentments and misgivings they have felt about the growing polarities of the American economy in deference to the notion that this was how wealth is created. That deference was wearing thin before the crash, but among the Democratic candidates, only Jackson and in lesser degree Simon were tapping into it. (The populist appeal of Richard Gephardt's trade policy is largely negated by the bland centrism of the rest of his politics.) Jackson's populist economics have helped him win support among white working-class voters—not enough, by a long shot, to win the nomination, but enough to demonstrate there is a constituency for whom "competence" is not enough. As the Casino Society collapses, the Democrats would do well to appropriate some of Jackson's tone, his advocacy, and indignation. It might win them white working-class votes that Jackson himself could never secure, and that the Democrats have failed to seek for the better part of the decade. More particularly, the Democrats must be careful in their zeal to be responsible in the wake of the crash not to convert themselves into the party of Herbert Hoover. Post-crash polling shows extremely high support for the never-yet-enacted Democratic agenda—full employment, guaranteed medical care, federally sponsored day care. If that means higher taxes are on the agenda, as indeed they should be, the Democrats need to be somewhat fastidious about the way they present themselves. It is time to be the party of *fairer taxes* and heightened progressivity. It is time to be the party of government.

The party's long-term strategic objective must be to drive money from politics and replace it with people. A new Democratic administration will likely enact some form of campaign finance reform and public funding of campaigns. (One of the reasons capital-intensive campaigning is vulnerable is that politicians hate it: all they ever seem to do is ask for money.) This would go some of the distance to freeing the Democrats from their paralysis, but only some. If previous campaign finance reforms have not produced the desired result, that is in large part because capital-intensive campaigning is finally, after all, just a substitute for a mass-based politics that has collapsed. Until that latter politics is revived, Democrats will perforce seek funding wherever they can get it.

Which is to say, there can be no lasting Democratic revival without a new mobilization of working-class forces. Labor law reform and universal voter registration are linchpins of any strategy for Democratic reconstruction. So is a program of outreach to a vast new constituency to which the Democrats seem to have devoted no strategic thought at all: the third wave of immigrants, the millions of new Americans from Latin America, Asia, and the Pacific. Of course, we are told, the new immigrants are culturally conservative—but then, so were the Eastern and Southern European peasants and their children who became a major part of the New Deal coalition. Of course, we are told, they are opposed to an activist government, to the welfare state, to every program, just coincidentally, that Democratic conservatives have opposed and the party *in toto* has refrained from presenting. Having denied the existence of any populism within the native-born working class, it is easy to deny its existence among immigrants. But surely the Democrats can organize among the third wave, so many of whom prop up the McDonald's economy—though it requires renewed attention to bread-and-butter issues of wages and working conditions, and more on-the-ground outreach than the party has done in decades. (Of course, any revival in the union movement has to be centered here as well.)

Finally, however, no Democratic realignment is possible without the recontrolling of an internationalized economy. The Democrats were the party of government from 1933 through 1968 because they used government to wring from the economy an unprecedented level of mass prosperity. The Democrats' ultimate challenge thus becomes one of policy and power: How do they achieve mastery over an economy that has outrun the capacity of the nation-state to bend it to the public good? The Democratic agenda, then, is not only one of working-class remobilization but of international solidarity as well. The crash may be enough to bring us to the Democratic moment. The Democratic epoch is a more difficult proposition. □

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Michael Harrington

THE FIRST STEPS— AND A FEW BEYOND

What a New Administration Could Do to Turn America In a Progressive Direction

What are the first steps—and then a few beyond—that a newly elected administration should take in 1989? If the Republicans win, the most we can expect is a backing-away from the more extreme versions of Reaganism. But suppose a Democrat, any Democrat, wins? What should be done to turn the country toward a progressive direction?

We can't even start answering such pragmatic questions unless we place them in a larger context. America is in the midst of a wrenching historical transformation. We need, not just a "shopping list" of programs, but a new public philosophy. That means something other than the usual series of clichés crafted by speechwriters and tested "scientifically" in media markets.

A public philosophy as I use the phrase here means a workable economic program linked to, and realized by means of, a vision of social justice. One usable example would be the New Deal and its successor liberalisms.

The New Deal was not a theory put into practice. It was the inspired improvisation of a man of political genius and decent social instincts who usually ignored the obsolete economic principles in which he had believed (on the one occasion when FDR was true to his theories and tried to balance the budget in 1936, he set off a steep recession). Somehow, all the jerry-built measures of the 1930s cohered into a structural whole after 1945 and put a floor under mass consumption that facilitated the greatest expansion of mass production in history.

That accomplishment also provided the Republicans with a public philosophy—the conservative variant of a basically liberal strategy. Richard Nixon was cynically overheating the economy to guarantee his reelection when he said, in 1971, "We are all Keynesians now." He was also telling the truth, even if inadvertently. But most important, the Keynesian theory, as put into practice by Roosevelt and Truman, and articulated as well as practiced by Kennedy and Johnson, provided a real-world rationale for decency. The wage demands of the working people and the entitlements of the poor were seen—as long, however, as they did not challenge the prevailing distribution of income and wealth—as promoting the well-being of everyone.

When that theory and practice broke down in the early 1970s—when productivity began to decline, inflation soared, America's domination of the world market eroded, real incomes stagnated, and Humpty Dumpty could not be put together again by the now standard fiscal and monetary tactics—the event provoked an ideological crisis within the Democratic party. It continues to this day.

The Republicans had an explanation for the crisis of the 1970s, and to many Americans it seemed as plausible as the underconsumptionist theories of the Great Depression in their day. The 1960s liberals had "thrown money at

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problems" and "crowded out" productive investment by irresponsible social spending. The social engineers and liberal elitists had imposed their priorities on the market. Therefore government now had to subsidize and favor investment—which is to say, the income and wealth of upper-class investors and major corporations—at the expense of welfare programs. It had to create a vast supply of savings that would automatically turn into new plants and enhanced competitiveness. Such was the litany of "supply-side" economics.

In 1980, Ronald Reagan was the "radical" candidate, the man demanding fundamental new departures. Jimmy Carter was pictured as a representative of an outlived conventional wisdom. The result was a profound ideological change in American life. Now, where the New Deal had linked social justice to economic efficiency, the new conservatism linked social meanness to economic efficiency. The workers and the poor were turned into "special interests" and the betterment of "entrepreneurs"—read: the giant corporations—was the way to social progress for all.

The new ideology was effective politics but disastrous economics. It left an American economy booby-trapped by potential crises and a society with the highest measure of inequality since we began to compute such statistics in 1947. These problems will almost certainly take more dramatic form in a recession within the next two or three years.

Do we have anything *coherent* to offer as an alternative to what is, and will soon appear to be, a failure? How can we offer measures to improve the lives of those in need under conditions of unprecedented governmental and balance-of-trade deficits, of mountains of consumer and international debt, and all the other constraints?

During the 1970s, many Democrats made it impossible even to begin to respond to these problems when they basically accepted the Nixon (William Simon and Arthur Laffer) thesis about all that wild and ineffective social spending of the 1960s as the cause of our downfall. In fact, the spending had been (a) exceedingly modest and (b) largely effective, as I documented in my book, *The Next Left*. No matter; neoliberals have been confessing ruefully to sins they never committed and thereby have blinded themselves to the fact that insofar as the liberal wisdom had indeed become problematic, it was mainly because of deep shifts within the world and American economies. The neoliberals then compounded their error: they acted as if Ronald Reagan had, by hook or by crook, pulled the economy out of crisis; they assumed that the socially mean and utterly uneven "recovery" of 1983 would go on forever.

This, then, is the overview that frames all of my specific proposals. America—and the Democratic party—will not respond to the present challenge unless they understand that it is a part of a structural transformation of the world economy more momentous than anything that has happened in a century. We are now in the midst of a change as profound as that of one hundred years ago when laissez-faire gave way to monopoly and state capitalism. It is not yet as spectacular and obvious as the Depression—and it may never become so. It may be, to use Alain Minc's phrase, that we are living through a "slow 1929." And that means that the Democratic party must, under circumstances not at all similar to the 1930s, fashion new links between justice and efficiency in a computerized, robotized international economy with a new occupational and division-of-labor structure—and even clumsy intimations of a new civilization.

Finally, let me confess frankly that neither I nor anyone else has worked out the new public philosophy that will make social decency once again a practical imperative. If there is the equivalent of a new Keynesian synthesis in existence, adequate to a world never dreamed in Keynes's own philosophy, we don't yet know it. All I can promise is that in what follows each specific proposal is an attempt to grope toward a new whole.

Fair Taxes

A new progressive administration would return to one of the most hallowed populist principles of American society, even if honored almost exclusively in the breach: *progressive taxation*.

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In August 1987, the Bureau of the Census included a shocking chart in its annual preliminary report on the American income structure. It pictured the trend of shares of aggregate household income, measured in constant (1986) dollars, between 1970 and 1986. In that period the bottom quintile or fifth of the population dropped from 4.1 percent to 3.8 percent of the total income; the middle 60 percent went from 52.7 percent to 50.2 percent; and the top 20-percent share rose from 43.3 percent to 46.1 percent. That little 2.8 percent "blip" upward for the elite was worth $40 billion in additional income—deducted from the shares of the other 80 percent.

Two thirds of this redistribution of household income, the Census figures show, was accomplished during the first six years of the Reagan administration. And in Robert Kuttner's "back of the envelope estimate," a modest but solid program for welfare reform, education and training, low-interest mortgages for young families, AIDS research, and a beginning of national health insurance would cost . . . $40 billion, i.e. a sum equal to *the extra share* of aggregate income for the top 20 percent. Reagan has been the most radical redistributionist president in the twentieth century, and if his reactionary transfer of income from the middle and the bottom to the top is not reversed, the Democratic party can forget about its social priorities.

The central instrument of that Reaganite redistribution was the "Economic Recovery" Tax Act of 1981, which significantly increased taxes for the poor while sharply reducing those for the rich. This was done on the grounds that it would promote savings, create an investment-led solution to the problems of the 1970s, and pay for itself by increasing the volume of tax revenues on an exploding GNP even though the tax rates were down for everyone but the poor. It was all a fairy tale—as David Stockman and others learned (and concealed) in the first months of the new administration. Savings have plummeted; the United States has lost around 50 percent of the capital goods market; and there are unprecedented deficits. And as this fraud was under way, the real value of AFDC and food stamps declined, and the working poor were cut from a number of programs. It all came to a massive attack on the living standard of the bottom quintile of the society.

There followed the 1986 tax act, widely hyped as a simplification of the system (which is doubtful). It did take many of the poor off the tax rolls—what the accompanying hosannas did not mention was that this merely returned them to the "utopia" in which they were living under Jimmy Carter prior to the shamefully redistributionist 1981 law. It also abolished some outrageous tax deductions favoring the rich. That last act of virtue was, however, canceled out by a reduction in the top tax rates, which more than compensated the affluent for their lost deductions. The result, in the analysis of Richard Musgrave, the dean of public-finance experts, was a system somewhat more *regressive* than the one it replaced.

Now I am not suggesting that the Democrats "raise taxes," à la Mondale's acceptance speech in 1984. The relative tax burden of working people and the middle class is too high; that of the wealthy too low. The rates of the latter should go up, but not those of most people. There should not be an "across the board" increase, but a selective increase carefully targeted to those best able to pay. Nor should this be done with a "soak the rich" appeal. Rather, we should soak the wasteful rich. Tax policy should be presented not as a way of punishing those on the top, but of promoting economic growth through greater equity. Where the affluent actually invest to create new jobs, particularly in areas of high unemployment, they should get subsidies for doing something useful; where, as was often the case in recent years, they are shooting craps in the Casino Society, they should pay maximum rates. And the consumption of the majority of the American people should once again be presented as an engine of growth for all.

How could the new administration carry out this policy? My answer borrows from Robert Kuttner:

- Cap the mortgage interest deduction granted the owner of a median-priced house (in October 1987, the Democrats on the House Ways and

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Means Committee proposed to limit deductions on mortgages of more than $1 million, a fearless act of neo-neo-liberalism);

- Extend the Social Security tax to all income, rather than to the first $43,800 (the existing rule yields a flat tax rate of 14.3 percent for all those at, or below, that sum, and 6.2 percent for someone with $100,000 a year), but exempt the first $4,000 of earnings from the tax (which would end the hiring disincentive which now exists at the bottom of the wage scale because, nominally at least, employers pay half the tax);
- Impose a capital gains tax on inherited stock and, more broadly, an inheritance tax on the very wealthy which could not easily be avoided;
- Keep the maximum tax at 38.5 percent on yearly incomes of $200,000 or more, rather than lowering it to 28% as is now mandated in the 1986 law.

Should the billions saved in this way all be applied to debt reduction? Democratic connivance in the revision of Gramm-Rudman-Hollings in 1987 was a disgraceful mortgaging of the future. The law postpones serious cuts until 1989, i.e. until after the 1988 elections, and thus saves both parties from embarrassment. But it then imposes extremely steep targets in order to achieve a balanced budget in 1993. If it is taken seriously—a dishonest legislative process suggests that no one intends to do so—the new president in 1989 will preside over Ronald Reagan's third term, no matter what his name. For him the first order of business would have to be major cuts in social as well as defense spending.

In this context, *some* of the savings achieved through progressive taxation might be earmarked for debt reduction if there is no recession under way; but some must be channeled into *effective social investment*.

Poverty and unemployment are quite expensive to maintain. They do not cost as much as the conservatives claim, mainly because our welfare state has become meaner under Reagan (only a third of the jobless now get benefits, with Virginia helping only 15 percent of those out of work). But AFDC, food stamps, the 60 percent of Medicaid that goes to the nonaged poor will cost around $36 billion in 1988. We now know that, as the Government Accounting Office summed up the research in the winter of 1987, between 75 percent and 80 percent of "welfare mothers" want to work (and 50 percent leave the welfare system within two years or less). The 20 percent to 25 percent of chronic cases account for the bulk of the costs.

Right now, what hampers programs to deal with this situation is that, as Larry Mishel calculates with the Bureau of Labor Statistics' own data, low-paying jobs have been increasing at a faster rate than the middle and top openings since 1973 and particularly since 1982. This is why in Massachusetts, with one of the lowest rates of unemployment in the nation, people have been leaving the labor force. If some of those savings from progressive taxation were invested in education, training and job-generating programs, there would be a significant reduction in the public cost of misery.

I do not want to suggest that we can turn a quick profit on minimal decency. I leave the dream of a free lunch to the supply-siders who assured us that the 1981 giveaway to the rich would quickly pay for itself. But I do think we should see as productive those spending programs that upgrade the work force and lower the cost of the custodial care of misery by providing the wages, day care, and medical insurance that would allow people to work their way out of poverty.

In short, progressive taxation and progressive social investments could promote equity and productivity.

Dealing with the Sacred Cow

There is a second source of government saving, but it is one that has to be treated with a care not always granted it by the liberal wing of the Democratic party: *Pentagon cuts*.

The argument against destabilizing and wasteful military spending must be based primarily on considerations of peace and genuine national security, not economics. It is true that Reagan's escalation of defense outlays almost exclusively benefited the highly educated—laser technology researchers, for instance—and did not create jobs for unemployed auto or steel workers, much less the ghetto

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unemployed. That is a *secondary* argument against such expenditures. But if one assumes, as I do, that the security of the United States is, in a world not yet converted to Gandhiism, a political priority, then the attack on Reagan's defense budget and the proposed alternatives must be framed in terms of protecting this country. Policies that increase the likelihood of blowing up the planet do not meet this criterion.

The Democratic doves must not accept a counterposition in which it seems that they care only for social programs while the hawks want to protect the nation. On the contrary. The hawks must be defeated on their own grounds, i.e. with precise arguments showing that Star Wars is immediately destabilizing and ultimately a trillion or so dollars of chimera; that the Rapid Deployment Force and the 600-ship Navy are fantasies; and so on. I think we should avoid setting target percentages for Pentagon cuts—in the meat-ax tradition of Gramm-Rudman-Hollings—and focus on specific, massive reductions based on an analysis of what promotes *genuine* national security.

As I write, President Reagan is moving toward the first arms reduction agreement since the beginning of the Cold War. If he does that, he should be applauded as much as Richard Nixon was for his recognition of China. The event brings both a complexity and an opportunity.

The complexity is that the initial consequence of such an agreement would be to *increase* military spending on both sides. Complex weapons systems are not simply trucked to a dump somewhere. Their dismantling—like decommissioning nuclear energy plants—could be as expensive as their initial deployment. Therefore, it may be wrong to expect some quick and huge "peace dividend." Here, too, the first aim should be effective disarmament—moving toward eventual abolition of nuclear weapons and significant reduction in conventional arms.

But there is, in the middle run, a real opportunity in the big-power peace negotiations, and the Reagan administration, even while acting with uncharacteristic sensitivity in this area, shamelessly rejected one of the best potential consequences of its own actions. The United States would not even discuss the notion, explored at a special UN Conference in 1987, that eventual savings from disarmament be partly targeted for Third World development. The U.S. boycotted that meeting. Since, as I will detail later, such a commitment to global justice could help solve the domestic economic problems of the U.S. as well, a new Democratic administration should reverse that Reagan policy forthwith.

Social Investment

If the savings from progressive tax and rational defense policies were simply used to reduce the individual taxes of the majority of Americans now paying a disproportionate share of the tax cost, that would make us "more equal" and stimulate the economy but it would not necessarily—nor even be likely to—help the United States to fashion a structural response to the current transformation of the world economy. One way of doing that would be through *democratic policies of social investment.*

This does not mean, as charged by the foes of an open industrial policy—who are always the proponents of covert industrial policy—that we are proposing the centralized control of investment in the United States. Indeed, there should be an emphasis on grass-roots participation and initiative in the planning process. At the same time, this country cannot forever avoid a national discussion of broad investment priorities if it is going to adapt to the new world economy. A few ideas of how we should proceed in 1989 will make my generalities concrete.

There should be a national investment bank. The model here is *not* the Reconstruction Finance Corporation (RFC), created by Herbert Hoover and brilliantly directed, often for reactionary purposes, by one of the most conservative men in the New Deal, Jesse Jones. With one important exception—rural electrification—the RFC under Jones was an effort to subsidize banks, railroads, and other corporations so as to insulate them from serious democratic control at a time when many Americans were demanding precisely that. Indeed, the RFC played a major role, as Kenneth Davis pointed out in *The New Deal*

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Years, 1933–1937, in undermining a national transportation policy that might have saved us from much social grief. I emphasize this since it is likely that admirers of the RFC, like Felix Rohatyn, will play a significant role in a Democratic administration and I want to sharply differentiate my approach from their technocratic planning.

The investment bank urged here would not cost tax funds, but would raise its capital in financial markets with relative ease because its borrowings would be federally guaranteed. Since such a bank would be able to raise funds more cheaply than the private sector, it could make innovative loans for the development of new technology and jobs in areas that other banks would not touch. It would not be able to require pension funds to buy its paper, but it would be well situated to appeal to that huge pool of capital because of the federal guarantees.

Ironically, it was an overstated conservative theory that focused attention on the pension system. In *The Unseen Revolution*, Peter Drucker argued from the fact that pension funds owned 35 percent of corporate equity in 1976 to the conclusion that the workers, as nominal owners of the funds, were already in control of the commanding heights of the economy. Capitalism had created "socialism" while no one noticed. That was, as the *London Economist* said at the time, a "quarter truth" since in most cases the workers' money was invested for them by the corporation or its agents. But the discussion did lead to a drive in some unions for democratizing control of those huge sums of money. In some cases, AFL-CIO unions did manage to get such monies invested in projects that created jobs for their members.

In the intervening years, however, we have learned about other aspects of pensions. Some were simply not funded and when the economy—or specific industries—turned down, companies either walked out on their obligations or tried to transfer them to the Federal Pension Benefit Guarantee Corporation. LTV Steel's broken promises to its workers is a recent case in point. At the same time, there are companies that have been liquidating profits from their funded pension programs, claiming that they are legally required only to be able to pay fixed sums and can cream anything in excess of that.

All of these practices, and the overall question of how to formulate a retirement policy that integrates both Social Security and private plans, should be discussed in the near future. But for now, a public investment bank with federal guarantees could provide voluntary no-risk outlets for the funds of democratized pension funds. And the legal mandate for the bank would be to put its funds at the disposal of only those projects that will develop technology, productivity, and jobs. It would not be in the business of underwriting corporate takeovers, greenmail, golden parachutes, or any other ingenious device of the paper entrepreneurs.

Pie in the sky? No! One of the most successful, and least known, New Deal programs was financed in that way. In the 1930s—when 90 percent of the rural communities in France and Germany were wired for electricity, and only 10.9 percent in the United States—the private utilities saw no market in the countryside and refused to move. Following a model pioneered under the TVA, the Rural Electrification Administration (REA) helped farmers start consumer-owned electrical cooperatives by providing them with low-interest loans. And for once, Congress imposed a social conscience on the RFC and required it to prefer nonprofits to profits. The scheme worked spectacularly well.

One function for the investment bank would be to sponsor such grass-roots initiatives. For instance, the Tri-State Conference on Steel—a coalition of trade unionists, churches, counties, and municipalities—has been arguing that a locally run public authority could reindustrialize the devastated steel areas of Pennsylvania, West Virginia, and Ohio. The Tri-State people in Pittsburgh argue for community-worker buy-outs and production for rebuilding the canals, roads and bridges of Pennsylvania, Ohio, and West Virginia. There is no question that some of the best-designed buy-outs have already worked, and that they have almost always been accompanied by sharp productivity gains.

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But desirable as the policies just outlined are, they do not add up to a coherent national response to a structural crisis, even if they can be an important part of it. There have to be *national initiatives* and planning as well as local creativity. The evidence presented by Stephen Cohen and John Zysman in *Manufacturing Matters* is, I think, utterly persuasive: that we cannot export our manufactures and then shift into high-tech services (plant and technology design, business services, etc.), because those services require hands-on learning experience in manufacture. How can a United States unable to create a competitive microelectronics industry present itself as the design expert for microelectronic plants? Thus, Cohen and Zysman rightly conclude, reindustrialization—the establishment of a competitive manufacturing industry in the United States—is the precondition for the growth of sophisticated, high-tech services.

The Department of Defense, our premier source of open, and often disastrous, industrial policy, understands this point. During the past two years, Defense has decided that the development of manufacturing technology in semiconductors, and particularly in integrated circuits, is of such strategic importance that we must have a research consortium of government and private producers to create a competitive industry. The initiative is called Sematech and it would require an investment of $600 million in federal funds.

In fact, Washington already bankrolls semiconductor R&D more generously than Tokyo, spending $400 to $500 million a year. The trouble is that more than $300 million of that total is focused on narrow military uses, which has left the industry, only a few years ago a great success story of "entrepreneurship," hanging on the ropes. As a Congressional Budget Office study stated this problem, "the largest amounts of funds are spent to develop radiation-hardened . . . integrated circuits, which are used solely in military or space applications, represent only a small fraction of semiconductor sales, and have only limited commercial potential." We have, in short, been running a kind of negative industrial policy as a result of the Reagan arms buildup.

A new administration should promise to take industrial policy away from the Pentagon and to create democratic planning institutions which will consider the economic- and social-strategic importance of our basic industries as well as their military value. It should provide public funds for grass-roots participation in the policy determination process, e.g., a subsidy to the Tri-State Conference so that it can make its case for revitalizing its region as part of a commitment to reindustrialization.

Jobs, Jobs, Jobs

Everything that has been said before points to a central priority for the next Democratic administration: *full employment*. Or, more precisely, *a qualitatively defined full employment*. That latter goal might seem to be utopian, but it is actually a pragmatic requirement.

In the first draft of their excellent pastoral letter on the economy, the Catholic bishops came out for full employment defined as 3 percent–4 percent unemployment. Not incidentally, that figure had been the official target of both the Kennedy and Johnson administrations (and the jobless rate was in fact below 4 percent from 1966 through 1969). The bishops were then subjected to a vicious attack by Catholic conservatives. In the final draft of the letter, the concept of full employment was retained but the specific numbers were omitted.

I cite this because it shows how the conservative conventional wisdom of the 1970s and 1980s has undermined our very belief in the *possibility* of a full-employment economy. The American right—as well as the center and not a few neoliberals—has come to accept the notion that the system can function properly—i.e. without runaway inflation—only if there are around seven million people out of work. There were more than a few groans in the fall of 1987 when the number of those officially out of work fell below 6 percent for the first time in years. For many analysts, that good news was a danger signal. Since we well know that the jobless are disproportionately made up of minorities and women, and since the existence of such a "reserve army of the unemployed" will hold down the wages of everyone else, the acceptance of this proposition means to abandon any serious attack on the economics of

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racism and sexism or on the downgrading of the wage structure that has occurred since 1973.

But the problem is even more profound than I've just said. In Massachusetts in 1987, the unemployment rate is well within that 3 percent–4 percent range. But the advantages that would have automatically followed from that fact in the 1960s, or earlier, have not appeared. In earlier times, when the United States was a nationally contained mass production economy with important, but minimal, ties to the world market, growth in GNP meant an increase in manufacturing jobs, i.e. in work relatively well paid and organized by unions. But since the late 1970s, most of the new jobs accompanying economic expansion have been low-paid.

So it is, as Louis Uchitelle reported in the *New York Times* in September 1987, that there were people *leaving* the labor market in Massachusetts even as the unemployment rate went down. They left largely because the jobs open to them offered poverty, or near-poverty, pay. In the nation, Uchitelle estimated, there were six million people who want work but are not looking for jobs (which means they are not part of the jobless statistics). So it is not enough to reduce the unemployment rate quantitatively. To deal with the problem of joblessness today it is practically—as well as morally—necessary to seek a *qualitative* growth in work.

But haven't I simply compounded the difficulties? Of course. Or, more precisely, the radical transformation of the economy has compounded these difficulties. How are we to deal with them?

- First, by insisting on the goal of quality full employment. That may take more doing than some imagine, but it is the precondition of just about everything else: welfare reform, debt reduction, international competitiveness, etc.
- Second, it is obvious that the tax, defense, investment and other policies already described all point in the direction of quality full employment.
- Third, what is required is the creation of quality jobs in both the public and the private sectors. In the private sector, any corporation that actually does generate jobs should be handsomely rewarded through tax benefits. In the public sector, there are enormous infrastructural needs that could be met by regionally controlled projects, e.g. the creation of technologically advanced, democratically structured railroad authorities with an overall commitment to mass transportation. The latter would, in a good many cases, be financed by debt—in this case by productive debt rather than corporate crapshooting with borrowed money—and paid off over time, like any long-lived investment. TVA is supported not by tax funds but by the sale of power.
- Fourth, as most neoliberals have realized—this is one of the reasons why they are neo*liberals* and not neoconservatives—that the changing structure of the world economy requires the radical upgrading of the American labor force. There is no way the United States can compete with the newly industrializing countries in a contest to pay the lowest wage. It has to maximize its potential for a high "value-added" production carried out by sophisticated and trained workers and—what we have dramatically lacked in recent years—by competent managers who have actually seen a production floor.

At the same time, it would be wrong to view education as the simple servant of a new economic system. Our colleges are filled with students taking courses they do not particularly like, preparing for lives they do not want, all in the name of being pragmatic. We should aim, not simply at more engineers, but also at more intellectually enriched citizens. To do that, full-employment policy should explore the possibilities of quality work in "liberal arts" jobs—in the "social" as well as the production sector—where educational breadth is as important as technical mastery.

- Fifth, and related to the last point, the new Democratic administration should put the thirty-two hour week at forty hours' pay on the national agenda.

This year marks the fiftieth anniversary of the Forty-Hour Week, which, conservatives and businessmen confidently predicted in 1938, would wreck the economy. Similar prophecies can be expected now. There are two compelling arguments for such a policy. First, it would increase the demand for labor—certainly

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not by 20 percent but in a significant way—and thereby contribute to full employment. Second, it would be a step toward reshaping the working life. It could open the way to all kinds of experiments: sabbaticals for nonacademics, leave programs for further study, etc.

A quick transition to "thirty-two for forty," solely financed by a 20-percent increase in wages, is impossible and undesirable. But a phased transition, financed by annual productivity increments in wages, could do the job.

None of the sketchy details I have just outlined is sacred. One of the first priorities of a new administration would be to put planners to work on such suggestions. But the central priority—quality full employment under economic conditions as unprecedented as those of the Great Depression—is a *sine qua non* for the difficult years ahead.

Work Worthy of the Workers

There is a related goal: *democratic, quality production*. "Taylorism" was one of the innovations of American mass production at the turn of the century and it was widely admired and imitated. Its basic principle was to concentrate all decisions in management and to make the individual worker a cog in a scientifically designed work process. That was never fully done, of course, but it was the goal, with "de-skilling" of the labor force the means. In those years Taylorism was one reason why America's was the most advanced economy; today, it is a cause of our relative backwardness vis-à-vis the Japanese, West Germans, Swedes, and others.

In those countries, there is paternalistically (Japan) or democratically (Sweden) organized participation of the workers in the production process. The Swedish is the appropriate mode for organizing people at a time when the newly industrializing countries are capable of turning out huge runs of standard products with single-purpose machines while the advanced economies must focus on a specialized, quick-changing and sophisticated output. But if American business has learned part of this lesson, the old, Taylorite notions die hard. Acting out of a long-established tradition of manipulative industrial psychology, American management wants to increase production by promoting the *appearance* of worker participation.

A new administration should make the democratization of the work process one of the means of synthesizing productiveness and justice. Three examples:

1. The current law on Employee Stock Ownership programs (ESOP) can be used to promote a measure of real workers' control *if* the workers have shrewd lawyers capable of playing games with an antagonistic statute. More often than not, however, the ESOP provision is used to get government subsidies for management without really involving the workers in any decision making. The law should be changed so that it becomes an unambiguous instrument of democratic economics.

2. Once upon a time, all liberals were pro-union. That changed after World War II when some on the left saw labor as a bastion of racism, sexism, and Cold War militarism. That was, at best, a half truth that concealed the fact that the best-organized progressive forces in the country were the unions. Whatever the rights and wrongs of the past, we must understand that there can be no democratic economics without a strong labor movement. Support for union organization and labor law reform is not simply a "good cause" of the left; it is a precondition of democratic economics. One of the reasons why the organized portion of the work force has increased in Canada while it has plummeted in the United States is that the laws actually facilitate democratic worker choices north of the border while frustrating them here.

3. Harking back to the example of rural electrification, there is considerable evidence that the new technology can often be best organized in small-scale, cooperative production. A new administration should therefore radically expand initiatives begun in this area under Jimmy Carter and seek to make a co-op sector a growth area of sophisticated high tech production.

A Roof Over Every Head

I have tried to avoid the "shopping list" approach, simply mentioning some desirable

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ways of implementing basic ideas. But in one area, I want to be more specific.

I believe that, along with the revitalization of a competitive manufacturing sector, the next Democratic administration should place *a major priority on building affordable housing*. This could be a source of jobs and a way of meeting a critical need.

The nation has been shocked in recent years by the specter of public homelessness, of people sleeping on grates to get a bit of warmth in the urban winter. At the same time, the public conscience has salved itself by blithely assuming that these are people with serious mental and emotional problems. However, a National Bureau of Economic Research study in 1986, which made very conservative estimates of the homeless population, also showed that two thirds of those with no place to live are in families without mental or emotional disabilities. And that gets to a central outrage of our time: that housing poverty is even more pervasive than poverty defined in terms of food.

As New York City Council Member Ruth Messinger described New York's "single most acute problem" before the Senate Labor and Human Resources Committee in October 1987, half of the tenant population makes less than $15,000 a year—and 35 percent of them pay more than 40 percent of their income in rent! In 1986, it cost $302 million to house 29,000 homeless in "welfare hotels." "The city," Messinger said, "pays $270 a month in rent to a family of four on welfare, even though it pays close to $2,500 a month to keep the same family in a 10 × 10 room in a welfare hotel." At one of his infrequent press conferences, Ronald Reagan denounced the insanity of such expenditures by arguing that the money should be used to build housing for the poor. The president seemed unaware that this is now forbidden by law.

At the same time, in New York—and in the big cities of America generally—there are handsome subsidies, direct and indirect, for the condominiums of the upper middle class and the rich and for corporate offices. One result—sure to be exacerbated by the current government policy of fighting the threat of inflation with high interest rates—is that the young middle class is being priced out of the housing market. Their plight is not as extreme as that of the homeless, of course. But a national housing policy is a key to solving *both* problems. This is an area in which measures to eliminate poverty and help the middle class can be linked, always a political plus.

Some of the mechanisms for doing this are obvious. Just as tax policy should relate subsidies to social need, here too there should be subsidized rates of interest for the—public or private—housing of the poor and middle class, and market rates (or a limit on credit) for the high rollers in the Casino Society. (Prior to the transformation of banking in the last two decades, it was official policy to give savers who invested in housing a premium interest rate.) If we capped the deductibility of mortgage interest, that would make condominiums less desirable to the rich; and if federal funds once again were made available for affordable housing in the cities and rural America, that might even cure local politicians of their mania for subsidies to the upper middle class and the rich.

But some frank admission of our own limitations: From the bold commitment of the Taft-Ellender-Wagner Housing Act of 1949 and of the Johnson program almost twenty years later, we have yet to discover how to create livable cities with vibrant neighborhoods. The greatest victims of this failure are the black poor, who, as William Julius Wilson shows in his fine book *The Truly Disadvantaged,* have become more and more socially isolated in areas of high poverty. That has tended to compound all of their problems: unemployment, crime, education, and the like. And yet, we must admit, we don't know how to design the communities we need.

But it is not necessary to have blueprints for utopia to begin to deal with the scandal of housing. Our neglect in recent years has been so spectacular that a few, rather simple, measures can accomplish a world of good. Moreover, in taking some first steps, we can create jobs in the construction industry and make a real contribution to full employment. But we should also continue the extremely

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difficult search, not simply for a housing policy, but for the theory and practice of genuine human community under the conditions of the twenty-first century.

A Decent Society

What about social policy, i.e. government programs dealing with people who are, and services that should be, outside of the market economy? The proposals that follow are predicated upon the success of the full-employment and investment policies I have outlined. A vibrant economy is the precondition for being able to pay for what I suggest—and social decency also requires that the great mass of the people believe that their lives are improving significantly and thus allows them to be more generous.

- *Health*. Here I will refer the reader to the article by Rashi Fein, in nearby pages, which offers some valuable ideas on this topic.
- *Welfare*. Current "workfare" proposals are, I believe, a delusion. They assume that there is some cheap and easy way to move welfare mothers into the paid-labor market. But to do that, as the Massachusetts experience proves, requires that there be jobs with medical benefits and day care, jobs that pay significantly more than AFDC and food stamps. That can only happen with something like the new departures advocated here. If one assumes, as almost all of the workfare proponents do, that our job structure will remain as it is, then the "best" that can be accomplished is to temporarily shift those women from poverty welfare to poverty work. And even that derisory gain would be impossible with the 20 percent to 25 percent of the problem cases that are the bulk of the welfare cost.

Full employment would, however, make it relatively easy to deal with the 80 percent of the welfare mothers who are ready and able to work, and to finance the training of the 20 percent who are not. It would also create the economic possibility of a national welfare minimum, indexed to median income, an idea considered by the Senate in 1987 and rejected on Gramm-Rudman-Hollings grounds.

I end with a dimension of this program which, had I followed a strict economic logic, should have been at the very beginning. I did not follow that logic because this is, in some ways, the most radical of my proposals and it was important to define a context before presenting it.

Global Action

A new Democratic administration must commit itself to *global reflation through global justice*.

The current crisis is international—and the solution to it must be international as well. That has been recognized by the Reagan administration, in the person of Treasury Secretary Baker. Two years ago, Baker publicly recognized, at the International Monetary Fund meetings in South Korea, that it would be a disaster for the United States if its mainly Latin American debtors would actually repay their loans. That would require them, in effect, to create a huge balance of payment deficit in U.S. trade with the region, since they would have to earn a surplus to finance their debt repayment. In their present weakened condition, the markets in those countries have already been much less open to American goods. If they fulfilled the conditions of a trade surplus with the United States in order to pay back the banks, they would be totally lost to our exports.

So Baker came up with a scheme for socializing private banks in extending further lines of credit to the debtor countries. It was half-hearted, conservative, ineffective—and the admission of a critical principle: In the new and interdependent world economy, the poverty of the Third World acts as a brake upon the prosperity of the advanced economies. If one assumes, as I do, that there will be a recession of some magnitude in the not-too-distant future, the Northern effects of that Southern crisis will become even more severe.

Conversely, a massive commitment of development funds from the Northern economies could create jobs in the rich as well as in the poor countries. The "Marshall Plan" analogy usually used to justify this approach is indeed relevant—it proves that concessional loans or grants can "make money" in the donor country if that is where much of the money is spent. But it is also an oversimplification. Europe in

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the post-World War II era simply needed capital. It had been through the capitalist cultural revolution; it possessed a modern and skilled work force and technical infrastructure; and under those conditions, mere money could do wonders. This is clearly not the case, particularly in the poorest of the poor nations, but even in relatively advanced areas like Latin America.

Still, we *know* that funds spent in the South can stimulate the North since that is precisely what happened in 1982. It was the Mexican bailout in the late summer and fall of that year which, by pumping money into creditor banks in the United States, undermined the monetarist rigidity of Volcker and the Reaganites, policies that did so much to deepen and prolong the crisis. One might say that this—in part unwitting—international act of Keynesianism was the immediate stimulus for the beginning of the Reagan "recovery" in January 1983.

There are ten thousand problems to be worked out in developing this strategy—many of them are brilliantly handled in *Global Challenge*, the Socialist International report prepared under the leadership of Michael Manley of Jamaica, with the aid of Jan Pronk and Stuart Holland—and there is no point in minimizing them. But either we come up with a program for a managed transition to a new world division of labor that creates justice for masses of people in both the South and the North, or we face a new round of "beggar thy neighbor" policies under the aegis of multinationals and their captive governments. And this last point is particularly important when addressing the perfectly legitimate fears and concerns of the trade unionists whose lives and communities are currently being sacrificed in an unmanaged, multinational-dominated transition.

Free trade has been a utopia for well over a century and has had little or nothing to do with the reality of the international economy. Today, that notion is a shorthand way of saying that multinational corporations should have the right to move freely around the globe, pitting South Korean auto and steel workers against the Americans, and vice versa, without any responsibility to anyone or anything. In the short run I believe we should militantly propose to protect workers from the disastrous effects of international "free markets" understood as multinational playthings. There is no point in being a reluctant protectionist, speaking through gritted teeth as Mondale did in 1984. For if one has the kind of global perspective outlined here, then that protectionism is a temporary device to buy the time to manage the transition in the interest of both North and South.

Unemployment and Underemployment

Discouraged workers, those who want a job but do not believe they can find one, number one million. "Involuntary part-time" workers, those who work part time but want full-time work, number 5.2 million. Including these, the total number of unemployed and underemployed workers in June 1987 was 13.6 million, or 11.2 percent of the workforce, up from 9.7 percent in 1979. These rates tell us the number of people on average who are unemployed or underemployed in a given week. However, during the course of any year many more workers experience unemployment. Twenty-one million workers or one out of every six workers was unemployed at some time during the year 1985.

We are experiencing record high levels of underemployment disguised as part-time employment, a development fueled by job growth in the service sector. From 1979 to 1985 nearly 28 percent of all new jobs were part-time. While the creation of part-time jobs has some positive aspects, since part-time work can provide flexibility in accommodating activities such as school and child care, problems arise when people who want full-time work are forced to accept part-time jobs. Of all part-time jobs created since 1979, nearly three out of four were filled by workers wanting full-time jobs.

—Mark Levinson & Larry Mishel
in *Democratic Left*, Sept.-Oct. 1987

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At the same time, it becomes clearer every day that the internationalization of the world economy requires, not simply North-South cooperation, but North-North planning as well. The economic "summits" are ceremonial pseudoevents designed to conceal the real bargaining, which, in any case, is limited to the rich.

A new Democratic administration should, I believe, say this to the world: "Just as, in the 1930s, legislation demanded by trade unionists, liberals, and socialists imposed a modicum of responsibility upon national corporations and socialized a floor of consumption which then became the basis of the greatest boom in history, so now the task in the global economy is to subject multinational corporations to the rule of a new international law and to bring about justice for the people of the South, creating a great new engine of growth for the prosperity of the North and the South."

Nothing I have said here is etched in granite, though I think these are among the progressive policies and programs that we need over the next several years. After Reaganism, there may be a short interval of inertia, shared by both parties—or, one hopes, a resurgence of popular energy, social concern, political imagination. We propose to move ahead. □

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William Julius Wilson

AMERICAN SOCIAL POLICY AND THE GHETTO UNDERCLASS

Why have the social conditions of the ghetto underclass deteriorated so rapidly in recent years? Racial discrimination is the most frequently invoked explanation, and it is undeniable that discrimination continues to aggravate the social and economic problems of poor blacks. But is discrimination really greater today than it was in 1948, when black unemployment was less than half of what it is now, and when the gap between black and white jobless rates was narrower?

As for the poor black family, it apparently began to fall apart not before but after the mid-twentieth century. Until publication in 1976 of Herbert Gutman's *The Black Family in Slavery and Freedom*, most scholars had believed otherwise. Stimulated by the acrimonious debate over the Moynihan report, Gutman produced data demonstrating that the black family was not significantly disrupted during slavery or even during the early years of the first migration to the urban North, beginning after the turn of the century. The problems of the modern black family, he implied, were associated with modern forces.

Those who cite discrimination as the root cause of poverty often fail to make a distinction between the effects of *historic* discrimination (i.e., discrimination prior to the mid-twentieth century) and the effects of *contemporary* discrimination. Thus they find it hard to explain why the economic position of the black underclass started to worsen soon after Congress enacted, and the White House began to enforce, the most sweeping civil rights legislation since Reconstruction.

The point to be emphasized is that historic discrimination is more important than contemporary discrimination in understanding the plight of the ghetto underclass—that, in any event, there is more to the story than discrimination (of whichever kind). Historic discrimination certainly helped to create an impoverished urban black community in the first place. In *A Piece of the Pie: Black and White Immigrants Since 1880*, Stanley Lieberson shows how, in many areas of life, including the labor market, black newcomers from the rural South were far more severely discriminated against in northern cities than were the new white immigrants from southern, central, and eastern Europe. Skin color was part of the problem but it was not all of it.

In addition to the problem of historic discrimination, the black migration to New York, Philadelphia, Chicago, and other northern cities—the continued replenishment of black populations there by poor newcomers—predictably skewed the age profile of the urban black community and kept it relatively young.

Age correlates with many things. For example, the higher the median age of a group, the higher its income; the lower the median age, the higher the unemployment rate and the higher the crime rate (more than half of those arrested in 1980 for violent and property crimes in American cities were under twenty-one). The younger a woman is, the more likely she is

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to bear a child out of wedlock, head up a new household, and depend on welfare. In short, part of what had gone awry in the ghetto was due to the sheer increase in the number of black youths.

The population explosion among minority youths occurred at a time when changes in the economy were beginning to pose serious problems for unskilled workers. Urban minorities have been particularly vulnerable to the structural economic changes of the past two decades: the shift from goods-producing to service-producing industries, the increasing polarization of the labor market into low-wage and high-wage sectors, innovations in technology, and the relocation of manufacturing industries out of the central cities.

Most unemployed blacks in the United States reside within the central cities. Their situation, already more difficult than that of any other major ethnic group in the country, continues to worsen. Not only are there more blacks without jobs every year; men, especially young males, are dropping out of the labor force in record proportions. Also, more and more black youths, including many who are no longer in school, are obtaining no job experience at all.

However, the growing problem of joblessness in the inner city exacerbates and is in turn partly created by the changing social composition of inner-city neighborhoods. These areas have undergone a major social transformation in the last several years as reflected not only in their increasing rates of social dislocation but also in the changing class structure of ghetto neighborhoods. In the 1940s, 1950s, and even the 1960s, lower-class, working-class, and middle-class black urban families all resided more or less in the same ghetto areas, albeit on different streets. Although black middle-class professionals today tend to be employed in mainstream occupations outside the black community and neither live nor frequently interact with ghetto residents, the black middle-class professionals of the 1940s and 1950s (doctors, lawyers, teachers, social workers, etc.), resided in the higher-income areas of the inner city, and serviced the ghetto community. The exodus of black middle-class professionals from the inner city has been increasingly accompanied by a movement of stable working-class blacks to higher-income neighborhoods in other parts of the city and to the suburbs. Confined by restrictive covenants to communities also inhabited by the urban black lower classes, the black working and middle classes in earlier years provided stability to inner-city neighborhoods and perpetuated and reinforced societal norms and values. In short, their very presence enhanced the social organization of ghetto communities. If strong norms and sanctions against aberrant behavior, a sense of community, and positive neighborhood identification are the essential features of social organization in urban areas, inner-city neighborhoods today suffer from a severe lack of social organization.

In contrast to previous years, today's ghetto residents represent almost exclusively the most disadvantaged segments of the urban black community—including those families who have experienced long-term spells of poverty and/or welfare dependency, individuals who lack training and skills and have either experienced periods of persistent unemployment or have dropped out of the labor force altogether, and individuals who are frequently involved in street criminal activity.

The significance of changes embodied in the social transformation of the inner city is perhaps best captured by the concepts "concentration effects" and "social buffer." The former refers to the constraints and opportunities associated with living in a neighborhood in which the population is overwhelmingly socially disadvantaged—constraints and opportunities that include the kinds of ecological niches that the residents of these communities occupy in terms of access to jobs, availability of marriageable partners, and exposure to conventional role models. The latter refers to the presence of a sufficient number of working- and middle-class professional families to absorb the shock or cushion the effect of uneven economic growth and periodic recessions on inner-city neighborhoods. The basic thesis is not that ghetto culture went unchecked following the removal of the higher-income family in the inner city, but that the removal of these families made it more difficult to sustain the

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basic institutions in the inner city (including churches, stores, schools, recreational facilities, etc.) in the face of prolonged joblessness. And as the basic institutions declined, the social organization of inner-city neighborhoods (defined here to include a sense of community, positive neighborhood identification, and explicit norms and sanctions against aberrant behavior) likewise declined.

In underlining joblessness as an important aspect of inner-city social transformations, we are reminded that in the 1960s scholars readily attributed poor-black-family deterioration to problems of employment. Nonetheless, in the last several years, in the face of the overwhelming attention given to welfare as the major source of black-family breakup, concerns about the importance of joblessness have diminished, despite the existence of evidence strongly suggesting the need for renewed scholarly and public-policy attention to the relationship between the disintegration of poor black families and black male labor market experiences.

Although changing social and cultural trends have often been said to explain some of the dynamic shifts in the structure of the family, they appear to have more relevance for changes in family structure among whites. And, contrary to popular opinion, there is little evidence to support the argument that welfare is the primary cause of family out-of-wedlock births, break-ups, and female-headed households. Welfare does seem to have a modest effect on separation and divorce, particularly for white women, but recent evidence indicates that its total effect on the proportion of all female householders is small.

By contrast, the evidence for the influence of joblessness on family structure is much more conclusive. Research has demonstrated, for example, a connection between an encouraging economic situation and the early marriage of young people. In this connection, black women are more likely to delay marriage and less likely to remarry. Although black and white teenagers expect to become parents at about the same ages, black teenagers expect to marry at later ages. The black delay in marriage and the lower rate of remarriage, each associated with high percentages of out-of-wedlock births and female-headed households, can be directly tied to the employment status of black males. Indeed, black women, especially young black women, are confronting a shrinking pool of "marriageable" (that is, economically stable) men.

White women are not experiencing this problem. Our "male marriageable pool index" shows that the number of employed white men per 100 white women in different age categories has either remained roughly the same or has only slightly increased in the last two decades. There is little reason, therefore, to assume a connection between the recent growth of female-headed white families and patterns of white male employment. That the pool of "marriageable" white men has not decreased over the years is perhaps reflected in the earlier age of first marriage and the higher rate of remarriage among white women. It is therefore reasonable to hypothesize that the rise in rates of separation and divorce among whites is due mainly to the increased economic independence of white women and related social and cultural factors embodied in the feminist movement.

The argument that the decline in the incidence of intact marriages among blacks is associated with the declining economic status of black men is further supported by an analysis of regional data on female headship and the "male marriageable pool." Whereas changes in the ratios of employed men to women among whites have been minimal for all regions of the country regardless of age from 1960 to 1980, the ratios among blacks have declined significantly in all regions except the West, with the greatest declines in the northeast and north-central regions of the country. On the basis of these trends, it would be expected that the growth in numbers of black female-headed households would occur most rapidly in the northern regions followed by the South and the West. Regional data on the "male marriageable pool index" support this conclusion, except for the larger than expected increase in black female-headed

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families in the West—a function of patterns of selective black migration to the West.

The sharp decline in the black "male marriageable pool" in the northeast and north-central regions is related to recent changes in the basic economic organization of American society. In the two northern regions, the shift in economic activity from goods production to services has been associated with changes in the location of production, including an interregional movement of industry from the North to the South and West and, more important, a movement of certain industries out of the older central cities where blacks are concentrated. Moreover, the shrinkage of the male marriageable pool for ages sixteen to twenty-four in the South from 1960 to 1980 is related to the mechanization of agriculture, which lowered substantially the demand for low-skilled agricultural labor, especially during the 1960s. For all these reasons, it is often necessary to go beyond the specific issue of current racial discrimination to understand factors that contribute directly to poor black joblessness and indirectly to related social problems such as family instability in the inner city. But this point has not been readily grasped by policymakers and civil rights leaders.

The Limits of Race-Specific Public Policy

In the early 1960s there was no comprehensive civil rights bill and Jim Crow segregation was still widespread in parts of the nation, particularly in the deep South. With the passage of the 1964 Civil Rights Bill there was considerable optimism that racial progress would ensue and that the principle of equality of individual rights (namely, that candidates for positions stratified in terms of prestige, power, or other social criteria ought to be judged solely on individual merit and therefore should not be discriminated against on the basis of racial origin) would be upheld.

Programs based solely on this principle are inadequate, however, to deal with the complex problems of race in America because they are not designed to address the substantive inequality that exists at the time discrimination is eliminated.

On the other hand, the competitive resources developed by the *advantaged minority members*—resources that flow directly from the family stability, schooling, income, and peer groups that their parents have been able to provide—result in their benefiting disproportionately from policies that promote the rights of minority individuals by removing artificial barriers to valued positions.

Nevertheless, since 1970, government policy has tended to focus on formal programs designed and created both to prevent discrimination and to ensure that minorities are sufficiently represented in certain positions. This has resulted in a shift from the simple formal investigation and adjudication of complaints of racial discrimination to government-mandated affirmative action programs to increase minority representation in public programs, employment, and education.

However, if minority members from the most advantaged families profit disproportionately from policies based on the principle of equality of individual opportunity, they also reap disproportionate benefits from policies of affirmative action based solely on their group membership. This is because advantaged minority members are likely to be disproportionately represented among those of their racial group most qualified for valued positions, such as college admissions, higher paying jobs, and promotions. Thus, if policies of preferential treatment for such positions are developed in terms of racial group membership rather than the real disadvantages suffered by individuals, then these policies will further improve the opportunities of the advantaged without necessarily addressing the problems of the truly disadvantaged such as the ghetto underclass.[1] The problems of the truly disadvantaged may require *nonracial* solutions such as full employment, balanced economic growth, and manpower training and education (tied to—not isolated from—these two economic conditions).

It would be ideal if problems of the ghetto underclass could be adequately addressed by the combination of macroeconomic policy, labor market strategies, and manpower training programs. However, in the foreseeable future

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employment alone will not necessarily lift a family out of poverty. Many families would still require income support and/or social service such as child care. A program of welfare reform is needed, therefore, to address the current problems of public assistance, including lack of provisions for poor two-parent families, inadequate levels of support, inequities between different states, and work disincentives. A national AFDC benefit standard adjusted yearly for inflation is the most minimal required change. We might also give serious consideration to programs such as the Child Support Assurance Program developed by Irwin Garfinkel and colleagues at the Institute for Research on Poverty at the University of Wisconsin, Madison.[2] This program, parts of which are currently in operation as a demonstration project in the state of Wisconsin, provides a guaranteed minimum benefit per child to single-parent families regardless of the income of the custodial parent. The state collects from the absent parent through wage withholding a sum of money at a fixed rate and then makes regular payments to the custodial parent. If the absent parent is jobless or if his or her payment from withholdings is less than the minimum, the state makes up the difference. Since all absent parents regardless of income are required to participate in this program, it is far less stigmatizing than, say, public assistance. Moreover, preliminary evidence from Wisconsin suggests that this program carries little or no additional cost to the state.

Neither the Child Support Assurance Program under demonstration in Wisconsin nor the European family allowances program is means-tested; that is, they are not targeted at a particular income group and therefore do not suffer the degree of stigmatization that plagues public assistance programs such as AFDC. More important, such universal programs tend to draw more political support from the general public because they are available not only to the poor but to the working- and middle-class segments as well. Finally, the question of child care has to be addressed in any program designed to improve the employment prospects of women and men.

If the truly disadvantaged reaped disproportionate benefits from a child support enforcement, child allowance program, and child care strategy, they would also benefit disproportionately from a program of balanced economic growth and tight labor-market policies because of their greater vulnerability to swings in the business cycle and changes in economic organization, including the relocation of plants and the use of labor-saving technology. It would be shortsighted to conclude, therefore, that universal programs (i.e., programs not targeted at any particular group) are not designed to help address in a fundamental way some of the problems of the truly disadvantaged such as the ghetto underclass.

By emphasizing universal programs as an effective way to address problems in the inner city created by historic racial subjugation, I am recommending a fundamental shift from the traditional race-specific approach of addressing such problems. It is true that problems of joblessness and related woes such as poverty, teenage pregnancies, out-of-wedlock births, female-headed families, and welfare dependency are, for reasons of historic racial oppression, disproportionately concentrated in the black community. And it is important to recognize the racial differences in rates of social dislocation so as not to obscure problems currently gripping the ghetto underclass. However, as discussed above, race-specific policies are often not designed to address fundamentally problems of the truly disadvantaged. Moreover, as also discussed above, both race-specific and targeted programs based on the principle of equality of life chances (often identified with a minority constituency) have difficulty sustaining widespread public support.

Does this mean that targeted programs of any kind would be necessarily excluded from a package highlighting universal programs of reform? On the contrary, as long as a racial division of labor exists and racial minorities are disproportionately concentrated in low-paying positions, antidiscrimination and affirmative action programs will be needed even though they tend to benefit the more advantaged minority members. Moreover, as long as certain groups lack the training, skills, and

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education to compete effectively on the job market or move into newly created jobs, manpower training and education programs targeted at these groups will also be needed, even under a tight labor-market situation. For example, a program of adult education and training may be necessary for some ghetto underclass males before they can either become oriented to or move into an expanded labor market. Finally, as long as some poor families are unable to work because of physical or other disabilities, public assistance would be needed even if the government adopted a program of welfare reform that included child support enforcement and family allowance provisions.

For all these reasons, a comprehensive program of economic and social reform (highlighting macroeconomic policies to promote balanced economic growth and create a tight labor-market situation, a nationally oriented labor-market strategy, a child support assurance program, a child care strategy, and a family allowance program) would have to include targeted programs, both means-tested and race-specific. However, the latter would be considered an offshoot of and indeed secondary to the universal programs. The important goal is to construct an economic-social reform program in such a way that the universal programs are seen as the dominant and most visible aspects by the general public. As the universal programs draw support from a wider population, the targeted programs included in the comprehensive reform package would be indirectly supported and protected. Accordingly, *the hidden agenda for liberal policymakers is to improve the life chances of truly disadvantaged groups such as the ghetto underclass by emphasizing programs to which the more advantaged groups of all races and class backgrounds can positively relate.*

I am reminded of Bayard Rustin's plea during the early 1960s that blacks ought to recognize the importance of fundamental economic reform (including a system of national economic planning along with new education, manpower, and public works programs to help reach full employment) and the need for a broad-based political coalition to achieve it. And since an effective coalition will in part depend upon how the issues are defined, it is imperative that the political message underline the need for economic and social reforms that benefit all groups in the United States, not just poor minorities.

However, at this point, a program of economic reform is not one of the items currently under serious discussion in the national political arena. Indeed, discussions of reform seem to be limited to debates over the need for workfare programs for welfare recipients. In the 1970s the term "workfare" was narrowly used to capture the idea that welfare recipients should be required to work, even make-work if necessary, in exchange for receiving benefits. This idea was generally rejected by liberals and those in the welfare establishment. And no workfare program, even Governor Reagan's 1971 program, really got off the ground. However, by 1981 President Ronald Reagan was able to get congressional approval to include a provision in the 1981 budget allowing states to experiment with new employment approaches to welfare reform. These approaches represent the "new-style workfare." More specifically, whereas workfare in the 1970s was narrowly construed as "working off" one's welfare grant, the new-style workfare "takes the form of obligational state programs that involve an array of employment and training services and activities—job search, job training, education programs, and also community work experience."[3]

According to Richard Nathan, "We make our greatest progress on social reform in the United States when liberals and conservatives find common ground. New-style workfare embodies both the caring commitment of liberals and the themes identified with conservative writers like Charles Murray, George Gilder, and Lawrence Mead." On the one hand, liberals can relate to new-style workfare because it creates short-term, entry-level positions very similar to the "CETA public service jobs we thought we had abolished in 1981"; it provides a convenient "political rationale and support for increased funding for education and training programs"; and it targets these programs at the most disadvantaged, thereby

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correcting the problem of "creaming" that is associated with other employment and training programs. On the other hand, conservatives can relate to new-style workfare because "it involves a strong commitment to reducing welfare dependency on the premise that dependency is bad for people, that it undermines their motivation to self-support and isolates and stigmatizes welfare recipients in a way that over a long period feeds into and accentuates the underclass mindset and condition."[4]

The combining of liberal and conservative approaches does not, of course, change the fact that the new-style workfare programs hardly represent a fundamental shift from the traditional approaches to poverty in America. Once again the focus is exclusively on individual characteristics—whether they are construed in terms of lack of training, of skills, or of education; or whether they are seen in terms of lack of motivation or other subjective traits. And once again the consequences of certain economic arrangements on disadvantaged populations in the United States are not considered in the formulation and implementation of social policy. Although new-style workfare is better than having no strategy at all to enhance employment experiences, it should be emphasized that the effectiveness of such programs ultimately depends upon the availability of jobs in a given area. Perhaps Robert D. Reischauer put it best when he stated:

> As long as the unemployment rate remains high in many regions of the country, members of the underclass are going to have a very difficult time competing successfully for the jobs that are available. No amount of remedial education, training, wage subsidy, or other embellishment will make them more attractive to prospective employers than experienced unemployed workers.[5]

As Reischauer also appropriately emphasizes, with a weak economy "even if the workfare program seems to be placing its clients successfully, these participants may simply be taking jobs away from others who are nearly as disadvantaged. A game of musical underclass will ensue as one group is temporarily helped, while another is pushed down into the underclass."[6]

If new-style workfare will indeed represent a major policy thrust in the immediate future, I see little prospect for substantially alleviating inequality among poor minorities if it is not part of a more comprehensive program of economic and social reform that recognizes the dynamic interplay between societal organization and the behavior and life chances of individuals and groups—a program, in other words, that is designed both to enhance human capital traits of poor minorities and to open up the opportunity structure in the broader society and economy to facilitate social mobility. The combination of economic and social welfare policies discussed in the previous section represents, from my point of view, such a program.

A Comprehensive Program

The problems of the ghetto underclass can be most meaningfully addressed by a comprehensive program that combines employment policies with social welfare policies and that features universal as opposed to race- or group-specific strategies. On the one hand, this program highlights macroeconomic policy to generate a tight labor market and economic growth; fiscal and monetary policy not only to stimulate noninflationary growth, but also to increase the competitiveness of American goods on both the domestic and international markets; and a national labor-market strategy to make the labor force more adaptable to changing economic opportunities. On the other hand, it highlights a child support assurance program, a family allowance program, and a child care strategy.

I emphasize that although this program also would include targeted strategies—both means-tested and race-specific—they would be considered secondary to the universal programs so that the latter are seen as the most visible and dominant aspects in the eyes of the general public. To the extent that the universal programs draw support from a wider population, the less visible targeted programs would be indirectly supported and protected. The hidden agenda for liberal policymakers is to

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enhance the chances in life for the ghetto underclass by emphasizing programs to which the more advantaged groups of all class and racial backgrounds can positively relate.

Before such programs can be seriously considered, however, the question of cost has to be addressed. The cost of programs to expand social and economic opportunity will be great, but it must be weighed against the economic and social costs of a do-nothing policy. As Levitan and Johnson have pointed out, "the most recent recession cost the nation an estimated $300 billion in lost income and production, and direct outlays for unemployment compensation totaled $30 billion in a single year. A policy that ignores the losses associated with slack labor markets and forced idleness inevitably will underinvest in the nation's labor force and future economic growth." Furthermore, the problem of annual budget deficits of almost $200 billion dollars (driven mainly by the peacetime military buildup and the Reagan administration's tax cuts), and the need for restoring the federal tax base and adopting a more balanced set of budget priorities have to be tackled if we are to achieve significant progress on expanding opportunities.[7]

In the final analysis, the pursuit of economic and social reform ultimately involves the question of political strategy. As the history of social provision so clearly demonstrates, universalistic political alliances, cemented by policies that provide benefits directly to wide segments of the population, are needed to work successfully for major reform.[8] The recognition among minority leaders and liberal policymakers of the need to expand the War on Poverty and race relations visions to confront the growing problems of inner-city social dislocations will provide, I believe, an important first step toward creating such an alliance. □

Notes

[1] James Fishkin covers much of this ground very convincingly. See his *Justice, Equal Opportunity and the Family* (New Haven: Yale University Press, 1983).

[2] Irwin Garfinkel and Sara S. McLanahan, *Single Mothers and Their Children: A New American Dilemma* (Washington, D.C.: Urban Institute Press, 1986).

[3] Richard Nathan, "The Underclass—Will It Always Be With Us?" Paper presented at a symposium on the underclass, New School for Social Research, New York, N.Y., November 14, 1986.

[4] Ibid.

[5] Robert D. Reischauer, "America's Underclass: Four Unanswered Questions," paper presented at the City Club, Portland, Oregon, January 30, 1987.

[6] Reischauer, "Policy Responses to the Underclass," paper prepared for a symposium at the New School for Social Research, November 14, 1986.

[7] Sar A. Levitan and Clifford M. Johnson, *Beyond the Safety Net: Reviving the Promising Opportunity in America* (Cambridge, Mass.: Ballinger Publishing Co., 1984), pp. 169–170.

[8] Theda Skocpol, "Brother Can You Spare a Job? Work and Welfare in the United States," paper presented at the Annual Meeting of the American Sociological Association, Washington, D.C., August 17, 1985.

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Robert Kuttner

THE END OF LAISSEZ-FAIRE—AGAIN

And Other Illusions of the Reagan Years

In 1926, three years before the Great Crash and a decade before publication of his own grand synthesis, Keynes wrote a prescient essay titled *The End of Laissez-Faire*. "Some coordinated act of intelligent judgment is required," he wrote, "as to the scale on which it is desirable that the community as a whole should save, the scale on which these savings should go abroad in the form of foreign investments, and whether the present organization of the investment market distributes savings along the most nationally productive channels. I do not think these matters should be left entirely to the chances of private judgment and private profits as they are at present."

In the 1930s, the Keynesian lesson was learned at great cost. Capitalism came out of World War II persuaded that the system itself could not withstand the instabilities of pure laissez-faire. The Keynesian era enlisted the nation-state to make the "coordinated act of intelligent judgment"—to regulate demand, to channel investment, to broker social contracts between industry and labor, and to prevent speculative excess from wrecking the market itself. Yet, in the shelter of a mixed economy and a social peace, something peculiar happened: Keynes was captured by conservatives, and pure capitalism quietly made a phoenix-like recovery, both as institution and as ideology. The globalization of commerce in the 1970s resurrected the reality of laissez-faire, blurred the memory of its multiple hazards, and weakened the institutions committed to its domestication.

The global integration of the economy and the abrupt decline of the United States as a hegemonic power have created a series of interlocking political and economic problems that have only been intensified by the second stock market crash. They add up to a political economy in which the available instruments of the Keynesian compromise have lost much of their potency. Almost by definition, the policies of regulation, stabilization, redistribution, the recognition of trade unions, and the other tricks in the postwar Keynesian kit, operate within the nation-state. Social contracts between industry and labor, public-purpose strictures on private financial institutions, and policies of fiscal stimulus can only work when the polity has a boundary. But in a porous economy, national governments have far fewer devices to tame the brute energy of the market. François Mitterrand discovered that this constrained French ultra-Keynesian socialism in 1982, and Ronald Reagan belatedly discovered that it equally constrained the American supply-side experiment, on a Monday in October 1987.

In effect, the nation-state has lost a good measure of its sovereignty, both to other nations and to private market forces. Moreover, the few, relatively modest transnational public institutions invented after World War II to stabilize the private global economy—the World Bank, the International Monetary Fund, the Bretton Woods system of currency stabilization, and the General Agreement on Tariffs and Trades—have also lost substantial influence to private market forces. Reinventing a stable mixed economy at a global level will prove far more difficult than devising one within a nation-state.

Both the economic and political implications of these developments are profound. At the

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basic political level, the resurrection of laissez-faire institutions and the rebirth of laissez-faire ideology have gone hand in hand. Conservative governments have cheered on the deregulation, the privatization, and internationalization of global markets. And as the resurrection of laissez-faire has proceeded, it has put democratic-left parties in a predictable quandary, leaving them far less able to deliver economic well-being to their constituencies, and therefore necessarily weaker politically. This has been especially true in the United States, where our "left" party, the Democrats, have always been ideologically squeamish about challenging the primacy of the market.

If wages are in global competition, social contracts between industry and labor quickly come unstuck and unions are less believable as defenders of workers' living standards. If a policy of demand stimulus "leaks out" to buy imports, then a government can put the nation further into deficit and get nothing for its pains but a cheapened currency. If the worldwide producer with the cheapest price gets to dominate the market, then comparative advantage merely means which nation pays the lowest wage. Against a context of global laissez-faire, the necessary tools of domestic planning lose their potency. The justifiably celebrated program of farm stabilization, or the regulation of special-purpose financial institutions, or attempts to rebuild uncompetitive industries, are both ideologically illegitimate and economically ineffective.

All of these dilemmas were gathering force throughout the 1980s. The United States, for a time, was able to defy the Mitterrand dilemma only because the dollar is still the dominant reserve-currency of international commerce. As a result, America could run a growing trade deficit and a large budget deficit, which would normally lead to a run on one's currency (as befell the French franc in 1982). But in the American case, the government could compensate for the weak fiscal picture by keeping U.S. interest rates relatively high and the dollar artificially strong. That induced foreign investors, in a newly deregulated global money market, to invest in dollars, in U.S. treasury bonds, and in the New York Stock Exchange. In the long run, of course, a high dollar only deepened the competitiveness problem and widened the trade deficit, because it made U.S.-made goods dear and foreign ones cheap. But the maneuver bought time.

In September 1985, however, the finance ministers of the major industrial nations agreed that the dollar was too high, that the growing trade imbalance threatened the very viability of the trading system, and that floating exchange rates cost more in instability than they gained in textbook "efficiency." This bit of almost Keynesian heresy ("the Plaza Accord") was devised by the most conservative of officials, representing the conservative administrations of Yasuhiro Nakasone, Helmut Kohl, Margaret Thatcher, and Ronald Reagan. It was a necessary concession to reality—and it bought two more years. Although foreign private investors holding dollars or dollar-investments could expect to lose something when the dollar began falling, foreign central banks, which were pledged to support the deal, stepped in where foreign private investors got off. Foreign capital continued financing the twin U.S. deficits, and interest rates stayed moderate. As a result, the U.S. stock market kept climbing and foreign investors stayed in, hoping to gain more from stock appreciation than they lost from dollar depreciation. It was also hoped that the cheaper dollar would lead market forces to purchase more U.S. goods, and thereby eventually shrink the U.S. trade deficit. This scenario was hopefully termed "the soft landing."

A House of Cards

All of these hopes crashed with the stock market. By early fall 1987, it was clear that a cheaper dollar wasn't solving the U.S. trade deficit. On the contrary, it meant that it took more U.S. exports to buy the same quantity of foreign imports. And foreign producers—who managed their production and collaborated with their governments far more than the laissez-faire ideology acknowledged—proved very adroit at shaving their prices and maintaining their market share. The dollar could drop 60 percent against the yen, and the U.S. retail

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price of a Toyota hardly moved. By the fall of 1987, the available policy levers had ceased to work.

Fear of U.S. inflation led the Federal Reserve to tighten the money supply, pushing interest rates above 10 percent and spooking the stock market. The dollar nonetheless seemed primed for a further drop, making both domestic and foreign investors nervous. The spirit of the Plaza Accord was turning frosty; the Germans were unilaterally raising their own interest rates and U.S. Treasury Secretary James Baker was sniping publicly at Bonn. That spooked the market, too. Any of these events might have provided the spark, because it was all too clear that the system was out of running room. Failing to raise taxes and widening the twin deficits only meant crawling further out on an unsustainable limb. But belatedly acting to raise taxes, once the damage had been done, would contract demand and only increase the risk of recession. When the stock market crashed, commentators argued whether the proximate cause had been talk of a tax increase—or failure to enact one. In a sense, both views were correct.

The stock market crash was supercharged by many of the recent innovations of laissez-faire financial markets—options in future values of the market itself; computerized trading; highly leveraged hostile takeovers. All of these meant that once the market began falling, investors with preselected sell positions would have to sell, which powered the crash further. My favorite piece of debris from Black Monday was the front page article from the *Wall Street Journal* reassuring the readers that this crash, unlike 1929, would not herald a Great Depression. The reason, the *Journal* explained, was that now the country benefited from a long list of regulatory stabilizers and guarantors of purchasing power—federal deposit insurance, regulatory limits on margin, a wall between investment banks and commercial banks, "a host of government income maintenance programs—Social Security, unemployment insurance, and welfare benefits . . ." and the fact that "total government purchases of goods and services have risen to about 20 percent of GNP, from 8.6 percent in 1929, thus providing considerable economic momentum." What splendid free-market chutzpah! Basically, what stands between us and a repeat of the 1930s is the entire structure of a mixed economy which the *Journal* editorially opposes as an affront to the "free market."

At this writing (early December) a lot of laissez-faire shibboleths have been rapidly thrown overboard. It was not only the stock market that crashed in October, but the credibility of an entire generation of neo-free-market intellectuals. A mixed economy has never looked better. After resisting for six years, President Reagan at last blinked and accepted a modest tax increase (in exchange for more spending cuts.) When he announced his capitulation, Reagan, significantly, declared that "Everything is on the table but Social Security." He exempted our most socialistic (and expensive) domestic program not out of love for socialized retirement, but because Social Security is simply too well entrenched to oppose. There may be a lesson here for some of our more fainthearted Democrats.

The disgrace of laissez-faire is further evidenced by the fact that the Great Powers are attempting a far greater degree of international economic management than the invisible hand would otherwise condone. Monetarist dogma has been discarded, in the interest of supplying the system with liquidity. The monetary spigot, for the moment, is the one device that seems available. Reportedly, Federal Reserve Chairman Alan Greenspan kept the crash from worsening only by pumping many billions of dollars of extra liquidity into the economy, pushing down interest rates, and keeping investors from deserting stock markets altogether.

A modicum of confidence has been restored, and the market seems to be probing for a bottom that represents a bearable drop of perhaps 50 percent rather than the thud that finally marked bottom in 1933—a drop to one tenth of the market's 1929 peak, accompanied by a 50 percent loss in the output of the real economy. But that result took four years; it was not until 1931 that the Great Depression really hit, after President Hoover had acted to balance the federal budget, after the Fed acted to

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tighten credit, after unprotected banks began failing, and after trade war broke out internationally. We are, of course, only a few months into the Crash of '87, and the long term is fraught with peril, both economically and politically.

Can The Democrats Do Anything?

Economically, the risk is that the stock market crash finally got Ronald Reagan's attention—but too late, and only to substitute the depressive economics of Hoover for the giddy and unsustainable economics of Laffer. Politically, the risk is that the Democrats won't be able to think up anything better. There is now a dreadful, dismal bipartisan consensus that a day of reckoning is at hand, that the bill for the credit binge of the 1980s, as predicted, has finally come due; and that whatever we may want politically, there is simply no technical alternative to a period of austerity and lower living standards. Peter G. Peterson, a traditional Republican Wall Street conservative (and one-time Nixon Commerce Secretary), is the grand apostle of this view. Peterson, in what seemed to be a masterstroke of prophetic timing, was on the cover of the October *Atlantic* with a gloomy jeremiad ("The Morning After"), warning that it would be better to tighten belts moderately now than disastrously later. The need to impose fiscal discipline serves as a handy stalking horse for the broader ideological and partisan agenda of continuing to dismantle the welfare state and the mixed economy. Peterson's Democratic counterpart, Lester Thurow, argued in his 1985 book, *The Zero Sum Solution,* that rebuilding the American economy would require increased savings rates, shrunken deficits, and "sacrifices"—albeit sacrifices more equitably shared. Just as French socialists circa 1982 made grim jokes about "austerity with a human face," the 1987 stock market crash seemed to confirm the inevitability of some form of austerity in the U.S. And thanks to the integrated global economy, even the virtuous nations with high rates of savings and productivity seemed likely to be dragged down into a general cycle of recession.

Prior to the crash, in the partisan maneuvering over the Reagan budget deficit, the Democrats got themselves painted into a fiscal and ideological corner. Increasingly, the only domestic issue came to be the budget deficit. In their new role as champions of fiscal responsibility, Democrats found themselves accepting the premise that any new taxes had to go to reduce the budget deficit, rather than for new spending. This meant that even as Democrats began to recover some ideological self-confidence after 1986, and began addressing neglected public needs such as health insurance or lifetime education, the impulse to spend was nicely short-circuited by the fiscal legacy of Reaganism.

Astonishingly, in September 1987, it was the Democrats who voted to tighten the fiscal noose when they devised and sold to a reluctant White House a surprise resurrection of the Gramm-Rudman-Hollings bill, whose "trigger" had been declared unconstitutional by the courts in 1986. This unlikely outcome both symbolized and prolonged the disastrously misplaced fiscal politics of the Democratic response to Reaganism, which in turn prolongs the ideological paralysis. It dramatized the short-term, purely tactical nature of Democratic thinking, and the way that the internal legislative preoccupations of the Congress obscured broader strategic imperatives of liberalism. It was the culmination of several years of Democrats' frustration in the effort to make President Reagan share responsibility for a tax increase that virtually everybody else in Washington considered both inevitable and already dangerously delayed.

After the crash, Gramm-Rudman provided the framework for the long-awaited compromise in which the president reluctantly accepted a token tax increase and congressional Democrats accepted further spending cuts. Another round of deficit reduction is scheduled for 1988, and at this writing, no prominent Democrat seems inclined to propose that taxes should be increased not just to clean up Reagan's bookkeeping mess, but to address public needs that benefit the constituents of the Democratic party.

Thus, there is a very real risk that alternatives to austerity are simply not on the political agenda. Such alternatives do exist, but they

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require challenging some deeply held bipartisan assumptions. Essentially, the political economy needs to shift course 180 degrees in its assumptions and its policies. We need to bury laissez-faire once again. We need to re-regulate. We need to re-create space in which the mechanisms of a mixed economy can function. Above all, we need a concerted program of economic expansion.

With people needing goods, services, jobs, and with production lying idle, *there is never a good excuse for austerity*. The U.S. national debt today is about 55 percent of one year's gross national product. When we came out of World War II, it was about 120% of GNP. The federal deficit today is about 4 percent of GNP. During the peak of the war effort, it was over 20 percent. Today, America owes about $500 billion to the rest of the world; the U.S. has an annual foreign debt-service burden of slightly less than 1 percent of GNP. That is troubling, but not by itself crippling, nor the occasion to throw the productive economy into reverse. In 1945, many contemporary economists thought that the end of the war had to herald a return of depression, but the wartime spending fueled both a boom in consumption, in productive investment, in the training of skilled manpower, the invention of new technologies, and a big spur to demand, which surprisingly carried over into the long postwar consumer boom. Austerity would have been the worst possible strategy for paying off the war debt.

The first requirement is to enlist the cooperation of the major nations to a common program of economic growth. That means reducing the U.S. deficit, but to an economically sustainable $100 billion or so (about 2 percent of GNP), and not to zero as Gramm-Rudman proposes, which would be severely depressive. It means getting leading central bankers to agree on a common program of a very liberal monetary policy, which is the one lever that more or less still works if everyone cooperates. Inflationary pressures in the world economy today are almost nonexistent. Most past recessions have been set off by central banks worrying too much about inflation and tightening money. Today, thanks to the stock market crash, even the tightwads of the German Bundesbank are perhaps willing to take their feet off the oxygen hose. Country by country, much inflationary pressure can be removed by having enforceable social compacts between industry and labor, tying wage increases to rates of real productivity increases, but also guaranteeing that labor gets something for its restraint, such as retraining opportunities, and pension guarantees, and influence if not partial ownership; in short, that its sacrifices will be reciprocated with something better than abrupt pink slips and union busting.

Investing in Workers

As part of a social compact between industry and labor, and also for the sake of international competitiveness, America needs massive investment in a higher-quality work force and a more productive set of advanced industries. That cannot be done by worshipping laissez-faire; nor can it be done on the cheap. Taxes ought to be raised substantially, and some of the money should be spent on deficit reduction; but most of the money should be spent on long deferred social and economic needs. We could begin by leaving the top marginal tax rate on incomes of over $75,000 at its present 38.5 percent, rather than letting it drop to 28 percent, which would raise about $22 billion a year. As a matter of macro-economics, public spending on, say, infrastructure has another big benefit. Most of it stays in the United States and creates jobs in the United States, rather than leaking out to buy imports and worsening our trade imbalance.

As for the problem of paying off the debt, Keynes is again instructive. In 1940 Keynes wrote a little tract titled "How to Pay for The War." His suggestion was a program of forced savings, based (progressively of course) on income. An American variation could require everyone with taxable incomes above, say $100,000, to put two percent of income and five percent of net worth into Recovery Bonds, at below-market rates of, say inflation-plus-one point. This instrument would be a cross between a tax and a bond; it would increase the national savings rate; it would lower the cost of financing the accumulated debt; and it would

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diminish the need for borrowing from abroad. The bonds would be fully repayable in 1995, and could be sold at suitable discount in current markets, if anyone needed liquid cash. It would be suitable recompense for a decade of yuppie excess in the name of laissez-faire economics.

The experiment in floating exchange rates has failed. The world needs to go back to stable exchange rates, defended by the common operations of central banks; it probably needs the international currency that Keynes proposed, as well. Orthodox economists think that the solution to America's competitiveness problem is simply to cheapen the dollar to the point where our products will sell. The trouble with this solution is that it doesn't solve the underlying problem of the competitiveness of American products; it only leaves America substantially poorer.

America needs to abandon its fling with laissez-faire, and go back to the security and dynamism of a mixed economy. The rules of the trading system should be revised to acknowledge that national economies can and should commit a modicum of economic planning. The trouble with the present system is that planning on a national level leads to global overcapacity and competition to slash wages and profits, which adds up to competitive deflation. The system needs a mix of free trade and managed trade; rather than using up its diplomatic capital in a hopeless crusade to extirpate the machinery of domestic economic planning, the U.S. should help devise a system of trade rules that permits planning but limits overcapacity and predatory trade, and demands that trade-surplus nations like West Germany and Japan take more responsibility for balance and reciprocity in the system as a whole.

Further, the major economic powers need to reinvent something like the original postwar design of the Bretton Woods system—not the one that was adopted but the one that was proposed by John Maynard Keynes and Harry Dexter White. The original Bretton Woods design called for a true international currency; it also designed into the system a bias in favor of growth, by putting pressure on trade-surplus countries to expand their economies rather than pressuring deficit nations to contract. In the actual postwar Bretton Woods system, as Keynes feared, the debt collector mentality took over; the International Monetary Fund became the enforcer for private banks, and inflicted austerity regimes on country after country.

The major nations ought to agree to a program of fiscal stimulus and debt relief for Third-World countries. One intelligent proposal, by Professor Paul Streeten, a former official of the World Bank, would create a new lending institution for the Third World. The institution would be capitalized by bonds that would be purchased by the rich countries, in proportion to the size of their trade surplus. This would have the effect Keynes wanted, of having surplus countries contribute to growth rather than having debtor nations tighten already shrunken belts. Streeten also proposes that all wealthy nations make annual contributions to the new bank, to reduce the interest costs on new Third-World loans.

In sum, we have once again reached the end of laissez-faire. The trouble with capitalism, among other troubles, is that it both resists and requires the discipline of a mixed economy. It is tragic that we have to go through this a second time. It would be even more tragic if Acts II and III were repeated—general depression following crash, and depression leading to war. Laissez-faire now stands discredited again, but the alternative to laissez-faire is not austerity. Indeed, the whole point of a mixed economy is that it allows much of the dynamism of market capitalism, while avoiding the characteristic periodic depressions. The opposite of laissez-faire is stable, managed growth—and growth with equity, not austerity with equity. Recreating a mixed economy in the current global environment will be harder in some respects, but it is all the more necessary.

Capitalists have the bizarre habit of believing that the cure for panic is recession. The perverse logic of "business confidence" lures a lot of otherwise sensible people into following along. It is hard to imagine the Democrats blowing the 1988 presidential election, but the one thing that would increase that prospect

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would be a platform of belt-tightening. Supply siders got one thing right. Growth is better than stagnation. But they wrongly assumed that laissez-faire is the best route to growth. It's time to bury laissez-faire again, and make sure that it stays buried. The best way to do that is to reclaim the tools of a social conception of citizenship and a mixed economy. □

THE IMPORTANCE OF VOTER REGISTRATION

In the last presidential election sixty-eight million Americans, or 40 percent of all eligible voters, did not cast ballots. Because so many citizens did not vote, the votes of only 32% of all voting age Americans sufficed to give Ronald Reagan a "landslide" victory in 1984.

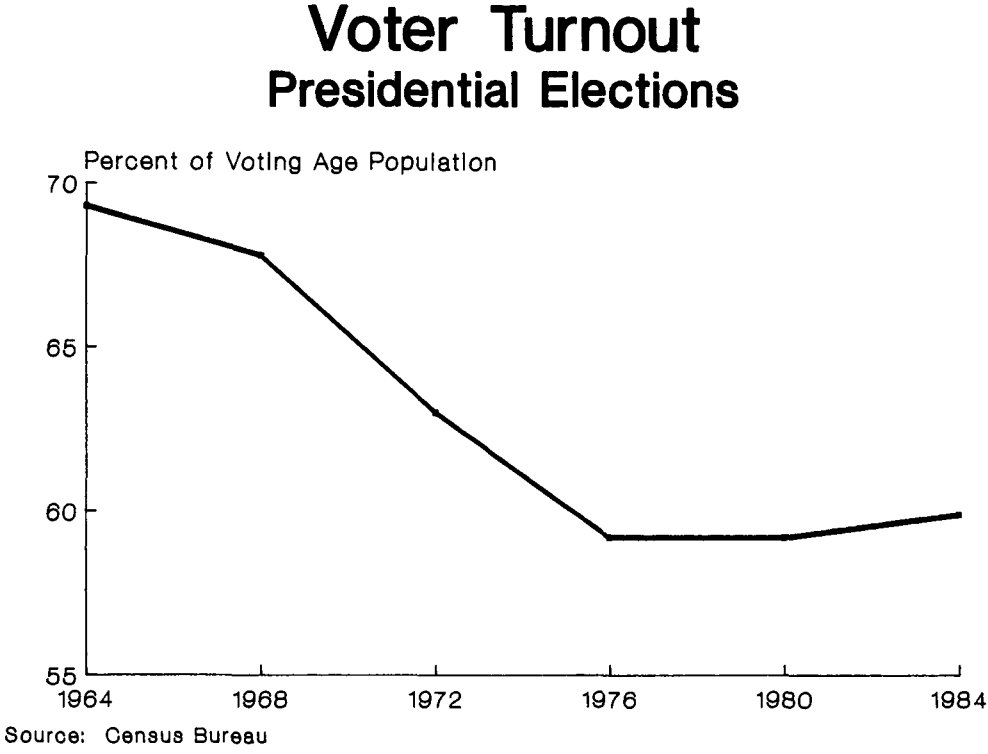
Why Is Voter Turnout So Low?

In part, low turnout in the U.S. stems from a history of legal barriers to voting. Before the Civil War, blacks and women were excluded by law from voting. With the rise of the populist movement, poor whites, free blacks and destitute farmers began to press their demands through the ballot box. The response of those who did not want to extend American democracy to previously excluded groups was the "System of 1896," which through poll taxes, literacy tests, and "grandfather clauses" limited access to the voting booth.

While these devices are no longer legal, voter turnout, as the graph below illustrates, continues to fall. Several factors have probably contributed to low voter turnout:

● *The changing nature of political parties and campaigns.* Thirty-second television ads have replaced political meetings and precinct organizing as the means of getting across a political message. The enormous cost of television time has increased the importance of money in politics. Some nonvoters have become cynical with politics based on public relations imagery rather than on well-defined programs.

(Continued on page 73)



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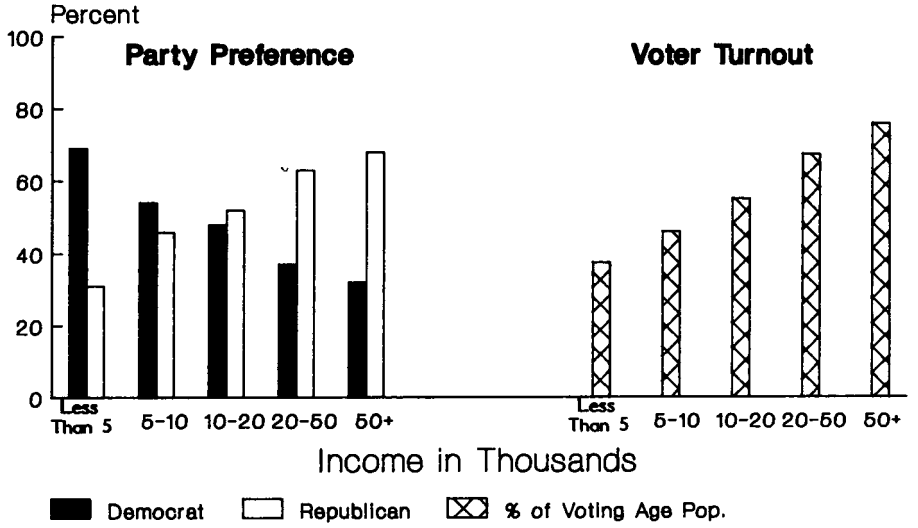
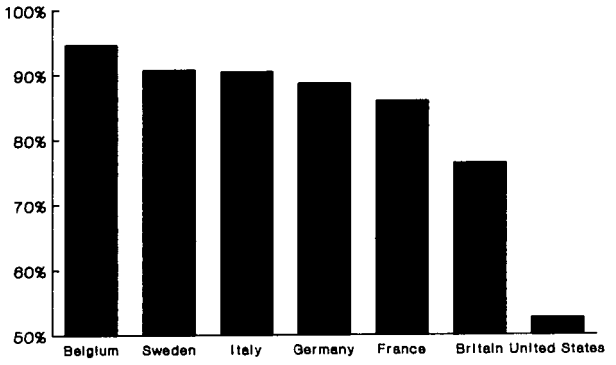
Party Preference and Voter Turnout By Income
(1984 Presidential Elections)



Party preference from ABC News exit poll
Turnout from Census data

International Comparison of Voter Turnout



Source: Public Opinion magazine
Dec/Jan 1984.

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• *Lack of political alternatives*. The majority of nonvoters in the U.S. are the kind of people who in Europe support socialist or labor parties. The lack of such alternatives in the U.S. reduces political participation.

• *Absence of a voter registration policy*. Perhaps the most important reason for low voter turnout is that the U.S. is the only western democracy where the government takes no responsibility for registering its citizens to vote. The number of people who vote after registering is very high. In 1984, 88 percent of those who registered voted.

The Political and Economic Effect of Low Voter Turnout

Although total voter turnout is low, it varies by income. In 1984, people earning less than $5,000 per year were less than half as likely to vote as those earning more than $50,000 per year. Since low-income voters are overwhelmingly Democrats and low-income voters are less likely to vote, fewer Democrats win. The result is that the wealthy and Republicans are disproportionately represented in the political process.

As the following table demonstrates, when the voting gap between rich and poor is greatest, conservative officials are elected and the government does not implement policies that benefit workers or the poor. When the voting gap between rich and poor is reduced, progressive pro-worker legislation is passed. For example, during Eisenhower's presidency, the percent of upper-income voters who voted was much larger than the percentage of poor people voting and no major domestic spending programs were initiated. However, in 1960 and 1964 the gap between voting rates of rich and poor narrowed, Kennedy and Johnson were elected, and Medicare, Medicaid, the Civil Rights Act and the Voting Rights Act were the results. In the 1970s and 1980s the gap increased again and there has been little legislative progress.

In order to elect a government that will enact the trade, industrial, and other governmental policies required for a healthy economy, we must expand the number of working class and poor voters. The first step is to register unregistered voters.

Reforms That Would Increase Voter Turnout:

1. *Election Day Registration*. Because election day is the primary focus of election campaigns, allowing registration on that day significantly increases turnout. In 1980 five states allowed election day registration (Minnesota, Wisconsin, North Dakota, Maine, Oregon). In 1984 these five states were in the top seven for turnout as a percentage of voting-age population.

2. *Mail-In Registration*. In Iowa the registered population increased by 14 percent in the four years after instituting the reform. New York estimates found the registration cost was $1.00 per voter by mail and $10.00 per voter in person.

3. *Agency Registration*. The Human Serve Fund, a national voter registration group, has promoted voter registration in state agencies such as unemployment insurance and welfare offices. Seventy thousand voters were added to Ohio rolls in six weeks after this program was adopted. One aspect of this approach is Motor Voter. Many states now promote voter registration where drivers' licenses are issued. Colorado registered ten thousand voters during the first month of the program.

4. *Canvasses*. In some counties of Idaho and Utah election officials go door to door updating voter registration rolls. This is also done in Canada.

5. *National Standards*. Senator Alan Cranston has proposed federal minimum standards for state registration. This would include public agency, mail-in, and election-day registration, and prohibit automatic purging of the rolls. (In most states, registration rolls are periodically "purged," ostensibly to remove voters who have died or moved.)

6. *Moving Election Day*. In addition to reforming registration laws, making election day a national holiday or holding elections on weekends (many European elections are held on weekends) would increase turnout.

UAW Research Bulletin, November 1987 □

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Hendrik Hertzberg

NEW PROSPECTS FOR ARMS CONTROL

Reagan's Dumb Luck Has Set the Stage for Progress

The history of arms control over the past seven years has been an astounding and lurid tale, full of unexpected twists, cynical betrayals, palace maneuverings, popular insurrections, and ironic turns of the dialectic. Through it all has stumbled the extraordinary figure of Ronald Reagan, as innocent of knowledge as he is of guile, his Manichaean vision of good vs. evil offset by his faith in the redemptive power of his own niceness, his ignorance and rigidity offset by his amazing luck. And as the last reel begins, he is rescued from himself by a *deus-ex-Moscow*.

At both ends of the period, like novelty-store bookends, are two episodes of what responsible moderates in the arms-control priesthood deplored as "loose talk." At the beginning the talk was of nuclear war-fighting, of firing "demonstration shots" and surviving nuclear war "with enough shovels." Toward the end, at Reykjavik and after, the talk was of actual disarmament, of scrapping the entire armory of all U.S. and Soviet ballistic missiles (or was it all nuclear weapons? the record is confusing), half by 1996 and half later. In both cases the loose talkers were high officials of the Reagan administration, including the president himself. The first episode helped create an enormous new international antinuclear movement; the second helped open up enormous new possibilities for reductions in nuclear arsenals. (In tribute, perhaps SALT should be renamed the Strategic Arms Loose Talks.)

The history between the bookends has brought about the destruction of all the old arms control paradigms. That history includes the new administration's rejection of SALT II without quite renouncing it; the biggest peacetime military spendup in history; the enthusiastic pursuit of the deployment "track" of NATO's famous "dual-track" decision of 1979—according to which the U.S. would install its own intermediate-range missiles in Europe to offset the Soviet Union's SS-20s, and at the same time would conduct arms control talks aimed at getting the Russians to take their missiles out—while the other half of the deal, the negotiation "track," was left to languish; the rise of the European peace movement and the spontaneous popular outpouring of the American nuclear freeze movement; the Reagan offer of a "zero-zero" solution to the European missile problem, an offer cynically designed to be rejected; extraordinary infighting on arms control within the administration, allowing policy to be hamstrung by persons hostile to arms control on principle, such as Assistant Secretary of Defense Richard Perle; the official endorsement of the "window of vulnerability," the wobbly theory that because the Russians have enough land-based missiles to blow up our land-based missiles and still have some left over, they might be tempted to go ahead and do so even though we could still blow them to hell a thousand times over with our submarines and bombers; the subsequent walling-up of the "window" theory by the Scowcroft Commission; the abandonment by the U.S. government not only of negotiations for a comprehensive nuclear test ban but also of the very goal of a comprehensive ban; stunning displays of ignorance by the president

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of the United States, such as his assertion that submarine-launched ballistic missiles can be recalled and his astonishment upon learning that the Soviet Union's nuclear forces are far more concentrated in land-based missiles than our own; the estrangement of the British Labour party and the West German Social Democrats from a generation of consensus on nuclear policy; the attack on the morality of deterrence by the American Catholic bishops, by popular writers such as Jonathan Schell, and finally by the president himself; the president's decision—under the influence of Edward Teller, without the advice or even the knowledge of many of his senior advisers, and in the face of prohibitions in the 1972 anti-ballistic missile treaty—to undertake "Star Wars," a vast program of exotic technology aimed at the deployment of a supposedly invulnerable "strategic defense" against Soviet rockets; and, finally, the Soviet acceptance of the "zero-zero" offer, leading, after some haggling, to an agreement in principle on the first arms control treaty since SALT II.

Through it all, Reagan has been repeatedly rescued by luck—the luck of the Russians, not the Irish. When the deployment of the American Pershing II rockets and cruise missiles was in trouble with the European public, the Russians obliged by forcing the suppression of Solidarity in Poland, by putting heavy-handed pressure on West Germany, and by shooting down the Korean airliner. When Reagan's proposal for what he had renamed the START talks was crumbling under criticism for gross one-sidedness, the Russians took the onus upon themselves by walking out. When the administration was paralyzed by infighting, the Russians immersed themselves in a series of succession and transition crises. And when the Soviet Union finally threw up a leader whose vigor and public relations skills were more than a match for Reagan's, that leader turned out to be a determined, imaginative, and apparently sincere advocate not so much of nuclear arms control as of what Reagan claimed to have been seeking all along: nuclear arms reductions.

The rise of Gorbachev is by far the most important arms control development of the Reagan years. Simply by saying yes—yes to letting the French and British keep (and expand) their nuclear forces, yes to detaching the Euromissile talks from the strategic arms talks, yes to putting aside the "Star Wars" issue, yes to Reagan's "zero-zero" proposal, yes to eliminating intermediate-range missiles worldwide instead of just in Europe, yes to getting rid of short-range missiles (which have a range of three-hundred to six-hundred miles, and which only the Russians possess), yes to on-site inspection—with all these yeses, Gorbachev dragged a dazed and reluctant Reagan administration into a historic agreement.

And it would be a historic agreement, despite the sour-grapes efforts of many arms-control experts to picture it as militarily insignificant and politically marginal. It is true that Europe will remain the most heavily nuclearized continent in the world—there will still be thousands of bomber-borne, submarine-borne, and battlefield nuclear weapons, far more than needed to deter any plausible attack. And it is true that intercontinental missiles and other long-range nuclear systems will remain untouched. But for the first time, stockpiles of existing, modern, "state-of-the-art" nuclear weapons will be destroyed, as opposed to merely setting limits on future deployments and phasing out obsolete weapons. For the first time, a regime of onsite inspection will be established—and not just unmanned sensors, as contemplated in the suspended test-ban talks, but an elaborate system of mutual visits and inspections. For the first time, the Soviet Union will accept sharply asymmetrical reductions—they will have to get rid of some seven hundred "delivery systems" carrying about 2,000 warheads, while we scrap 373 single-warhead missiles (plus the seventy-two West German Pershing I-As).

These numbers have been derided as insignificant, as in a way they are in a world of 50,000 Soviet and American nuclear warheads. Yet it is worth pointing out that the number of warheads to be scrapped under the Euromissile treaty is almost exactly the number that existed in the total arsenals of both superpowers at the time of the Cuban missile crisis in 1962.

A look at that crisis, by the way, puts in

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perspective more than just the numbers. Some experts on nuclear strategy are now arguing, in the impenetrable theological jargon of their priesthood, that "extended deterrence" will be damaged by the elimination of the Euromissiles—that with only 20,000 or so warheads left to deter the Russians, a Soviet nuclear or conventional attack on Western Europe will become more likely. Yet the 1962 crisis—the only example we have of deterrence working in a real crisis in the real world, as opposed to the imaginary world of the war-gamers—teaches a different lesson. At the time of that crisis, the United States had a total of 478 missiles in its arsenal. The Soviet Union had 141. (In addition, the U.S. had 1,300 strategic bombers, the Soviet Union about 155.) The U.S., then, had what looks like overwhelming superiority, to which the fact that the crisis ended in an American "victory" has generally been attributed. But recently, in a letter released in connection with a twenty-fifth anniversary reunion of participants in the crisis, then Secretary of State Dean Rusk revealed that the United States was secretly planning to offer to withdraw its missiles stationed in Turkey if the Soviets had not backed down. If they hadn't blinked, in other words, we would have. The real lesson of the crisis, then, may be that the Soviet Union, with its piddling arsenal, was able to "deter" the United States, with its much larger one. Deterrence is far hardier than the priesthood imagines.

In light of the Euromissile agreement, Reagan must perforce be considered a successful arms control president, almost on a par with Kennedy and Nixon. Given that Reagan opposed every arms control agreement from the atmospheric test ban to SALT II, and given that he devoted the bulk of his two terms to sabotaging the arms control process, the mind rebels against such an assessment. Reagan an arms controller? It is as if the paradoxes of nuclear deterrence have soaked through to the politics of nuclear disarmament, like a sponge half-dipped in water.

What lessons should we draw from all this? It's tempting to say that the Reagan experience proves that stupidity may accomplish more than intelligence, and that stupidity (Reagan) in command of intelligence (Perle) may accomplish more than either. Or that the best way to get arms control is to elect a president who opposes it. Or that wild military spending is the surest path to peace. Or that responsible behavior is pointless.

If politics is not just dada, these are surely the wrong lessons. Better simply to acknowledge humbly, without giving way to cynicism, that history moves in mysterious ways. Reagan's arms control policy, viewed in isolation from the unpredictable ways it interacted with Soviet turmoil and Western public opinion, has been one of monumental (and purposeful) failure. The fact that it is now to be crowned with a kind of success is due entirely to factors outside the control of the president and his administration—specifically, to the still-unfolding changes Mikhail Gorbachev is bringing to Soviet policy and Soviet life.

There are, of course, valid lessons to be drawn. One of them is that it's all right to be beastly to the Russians. One of Reagan's unintended services to his (I hope) Democratic successor was to reestablish that it is possible to attack the Soviet political system and deal with the Soviet government on matters of mutual interest at the same time. Reagan's view of the Soviet Union as "the focus of evil in the modern world" is a childish theological formulation that ignores the real sources and causes of Soviet tyranny (though it is certainly closer to the truth than saying the Soviet Union is the focus of good). But there is no reason why Democratic advocacy of arms control—and Democratic encouragement of *glasnost*—should not be accompanied by clear and repeated statements of opposition to such aspects of the Soviet system as the monopoly of power by the Communist party, the oppression of national and individual rights in the Soviet Union's imperial orbit, the suppression of the freedoms of speech, the press, and association, the misuse of psychiatry, and so on. That kind of truth-telling is useful both for its own sake and for the sake of keeping arms control from being made hostage to fantasies about the nature of the Soviet regime.

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Still, the real engine (and context) of arms control is the political relationship between the superpowers, a relationship heavily colored by the way the Soviet government treats its citizens. In the American domestic political arena, Reagan's delinking of arms control from the forswearance of opposition to Soviet tyranny was made possible by Gorbachev's softening of that tyranny. A kind of implicit linkage is inevitable and perhaps not wholly undesirable. There is an obvious intuitive connection between Gorbachev's domestic reforms and the current dramatic improvement in U.S.-Soviet relations. That connection goes well beyond Gorbachev's needs for a foreign policy success and for diverting resources to domestic use. "Glasnost" counts for something not just as it relates directly to security issues (e.g., allowing U.S. congressmen to visit the radar installation at Krasnoyarsk, agreeing to onsite inspection, etc.) but also, and far more important, because it erodes the raison d'être of the cold war. By the same token, a move back toward domestic Stalinism would undermine the political basis for arms control (though the imperative of avoiding war would, of course, remain). A Democratic president has to be prepared for cycles in the U.S.-Soviet relationship. It's not always the right time for arms control.

"Stupidity pays" is the wrong lesson because it lacks prescriptive value. It's an unreliable guide to wise policy. But this is not to say that stupidity does not have its retrospective uses. In fact, there are two ways in which Reagan's stupidity has opened up vast opportunities for the next Democratic president: "Star Wars" and Reykjavik. Together, these two make a grand bargain possible.

Reagan's "vision" of a giant space shield that would protect the United States from attack and make nuclear weapons obsolete is an absurdity, as every remotely objective technical study of the matter has shown. That is why "Star Wars," with its suggestion of gee-whiz fantasy, is a more honest name for the program than its sober-sounding official title, the Strategic Defense Initiative, or SDI. Reagan's "vision" is almost never discussed in the contemptuous terms it deserves. "To be taken seriously in the defense community," the defense analyst Barry M. Blechman recently wrote in the *New Republic*,

> requires a marked conformity to certain lines of debate. It also requires a remarkable degree of restraint, almost a kind of self-censorship, particularly if you intend to criticize government policy. Even when confronting a set of policies as schizoid as those guiding the administration's notions of space-use and weapons-in-space—its increasing reliance on space, on the one hand, particularly for the most favored and blessed SDI-child, and its abject refusal even to consider limits on the weapons that can only make space-based military systems obsolete, on the other—one is not permitted simply to heap scorn on what even a perfect pinhead can see is self-defeating. No, one must instead cede the terms of the debate, however strained or silly, carefully describing the administration's shopworn canards, meticulously analyzing pure nonsense. This has the consequence of conferring a certain legitimacy on what is obviously illegitimate.

The Democratic candidates, unfortunately, are among those who must or at least will speak respectfully of the SDI kookery, lest they be convicted of kookery themselves. But this should not prevent them from pointing out that SDI, while fraudulent as a defense for the populations of the West, is quite plausible as a device to ward off the blows of an enemy arsenal already crippled by prior attack. A deployed SDI is thus less a "defense" than an auxiliary first-strike weapon. It is both an instrument and a tempting target of "preemptive" nuclear war. This is why one must presume, in the words of John D. Steinbruner, "that the Soviet Union is both sincere and unshakable in its declared resolve to preserve the ABM treaty under its restrictive interpretation as a condition for strategic force reductions."

SDI is the biggest bargaining chip ever fashioned, and that is all it is. The paradoxes mount: SDI exists as a bargaining chip only because Reagan did not see it as one. No one who understood what SDI really is could have pushed it as Reagan has—no one but a monster. Reagan's will to push it came from ignorance—from stupidity. If you arm to

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parley you may not arm. But Reagan armed to make parleying obsolete; therefore he, or his successor, may parley.

Reagan's performance at the Reykjavik summit has been almost universally deplored. He was unprepared; he didn't know what he was talking about; he got caught up in utopian fantasies. "To say that the summit was ill prepared is to indulge in classic understatement," goes a typical comment, this one by James Schlesinger in *Foreign Affairs*. "Indeed, the entire performance at Reykjavik underscored the continuing validity of the diplomatic adage that leaders should go to summits not to negotiate, but to ratify what has already been agreed to." But of course it was precisely because of the lack of preparation, the utopian fantasies, and so on that the Reykjavik summit expanded the potential horizons of arms control far beyond what the experts had considered possible. If everything had been carefully "staffed out," the leaders of the United States and the Soviet Union would never have agreed in principle to cut their strategic arsenals in half. Nor would SDI have been isolated so starkly as the obstacle to agreement. One doesn't have to enshrine haphazardness as a model of future policymaking to recognize that in this case it has created an unparalleled opportunity for Reagan's successor (or for Reagan himself, in the unlikely event he cares to take it).

A Democratic program for arms control has begun to emerge. Steinbruner has persuasively outlined such a program in an article entitled "The Principles of Defensive Deterrence" in the Summer 1987 *Brookings Review*. He calls for (1) "reduction of intercontinental-range forces to an equal level in the range of 3,000–6,000 warheads," with those weapons that are at once the most threatening and the most tempting tar-

But Is It Good for the Democrats?

Soon after this is written—probably before it is read, assuming nobody shoots down any more Korean airliners or invades any more neighboring countries—Ronald Reagan and Mikhail Gorbachev will sign a treaty banning intermediate-range and shorter-range ballistic and cruise missiles from the arsenals of the two superpowers. That is good news for the human species. It is also good news, politically, for those members of the human species who happen to be liberal Democrats.

That this is so may not be immediately apparent. After all, a Reagan arms control treaty will have certain obvious benefits for the Republicans. It will wipe from the public mind most of whatever traces remain of the Iran-Contra embarrassment. It will force the Democrats into something like a "me, too" posture on the nuclear question. It will defuse the "peace" issue, at least in its global Soviet-American aspect. It will make attacks on President Reagan's arms control record seem peevish. It will give the lie to the proposition, stoutly maintained for seven years by many Democrats (including me), that the Republican right is ideologically incapable of successfully concluding a significant arms control negotiation with the Soviet Union. And of course the treaty, with its accompanying summit theatrics, will give Reagan's popularity a large and lasting boost, presumably making his party's nomination and his own endorsement of the nominee that much more valuable. Reagan arms control is all very well for humanity, yes. But for the Democrats?

Much depends on what the Republicans do to each other, but for the Democrats the overall political advantages of a Reagan-Gorbachev treaty are at least equal to the disadvantages and may even outweigh them. The treaty is bound to be popular, and the Democratic presidential candidates will be united behind it. By politically damaging contrast, because of the peculiar political dynamics of Reagan-era conservatism, the Republicans are likely to be split. Conservative movement activists and elements of the neoconservative policy infrastructure had begun to mobilize against the treaty well before it was agreed to. The Republican candidate most responsive to these two constituencies, Jack Kemp, was denouncing the agreement as a "nuclear Munich" as soon as its outlines started to emerge. He grew more cautious in the immediate wake of Reagan's September 18 announcement that "agreement in principle" had been reached with the Soviet Union. But the fight over who gets to represent the Republican right will probably be the nastiest scuffle

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gets, the super-accurate multi-warhead missiles, to be phased out first; (2) reaffirming the ABM treaty, and supplementing it with a ban on antisatellite weapons; (3) following up the Euromissile treaty with a plan to disengage the remaining nuclear weapons from conventional force operations; and (4) a treaty limiting conventional forces in Europe, under which asymmetrical reductions in Soviet numerical superiority (especially tanks) would be traded for restraints on Western technological improvements. There is good reason to suppose that all these goals are within reach. To them should be added a total and verifiable ban on nuclear testing. Such a ban has been resisted on the grounds that without testing, the two sides would grow gradually less confident in the reliability of the weapons. However, this is the main argument on a test ban's behalf, since a slightly degraded arsenal retains its deterrent value, while becoming unreliable only for a coordinated first strike.

Whatever his program, a Democratic president must be very tough where the domestic politics of arms control are concerned. He must make sure that his administration is not hobbled, as President Carter's was, by splits on the Vance-Brzezinski model. He must make it clear to important Democratic figures on Capitol Hill, such as Les Aspin and Sam Nunn, that there are limits to posturing and gameplaying beyond which he will not permit them to go without retribution. Like a good nuclear strategist, he must know how to deter attack by the threat of massive retaliation. He must be willing to fight, and he must be willing to mobilize every available resource.

If Gorbachev holds on, and if his program of internal reform and external retrenchment keeps its trajectory, then it will soon become prudent to start thinking in terms of a truce in, perhaps even an end to, the cold war. An important duty of the next administration, Democratic or (prag-

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of the 1988 campaign, and Kemp has to decide if solidifying his hold on the right is worth opposing Reagan in the process. If Kemp doesn't jump ship, one or more of the other five Republican contenders may beat him to it. Pat Robertson, who looks forward placidly to Armageddon, has reasons of his own for opposing arms control; and Pierre du Pont called the treaty a "bad deal" the day it was agreed to. The others will probably join George Bush in supporting Reagan in the end, but not before engaging in a lot of hawkish posturing for the benefit of the conservative activists of Iowa and New Hampshire.

Even as it deprives the Democrats of the "peace" issue, the Euromissile treaty tends to deprive the Republicans of the "strength" issue. And even as it vindicates Reagan's arms buildup, it relegitimizes the path of negotiation and diplomacy. For the Democrats these are reasonable trade-offs. Reagan said for years that America should negotiate only from a position of strength. Almost in spite of himself he has convinced the public that America is in just that position—that America has "rearmed." The Democrats can plausibly argue that what is needed now is the will to negotiate, that the time has come to play the cards Reagan has assembled at such huge cost to the budget and the economy. They can argue that they, and not the Republicans, are best fitted to finish what Reagan has begun. An audacious claim, a daring strategy—and a fitting revenge for Reagan's pilfering of FDR and JFK in 1980 and 1984.

But the greatest political benefits of a Reagan-Gorbachev treaty will come after the election—and these would accrue as much to a pragmatic Republican as to a Democrat. With ex-President Reagan safely enlisted in the long line of presidents who have signed arms control agreements with the Soviet Union, a new president will have a much broader and firmer domestic political base from which to pursue further agreements. There will be a new political fault line on arms control, a philosophical fault line rather than a partisan one—and the only people on the wrong side of it will be the conservative and neoconservative fringe. Ratification will be easier; agreements, therefore, can be more ambitious. In the wake of a Reagan-Gorbachev treaty, the issue will not be whether or not to have arms control, but whether to have a lot of it or a little. In that contest, "a lot" has most of the advantages. If Reagan had left office without concluding a treaty, the anti-arms control forces would have been more confident, united, and powerful than ever. Now it will not be so easy for them to frame the issue as perseverance vs. accommodation, "strength" vs. "appeasement."

—H.H.

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matic) Republican, is to begin planning for that contingency as carefully as we now plan for war. One very real prospect is that the fear of a Soviet invasion of Western Europe, the engine of Western security policy for forty years, will relax its grip on our imaginations. The inevitable result will be large-scale changes in the system of Western alliances. These changes—a diminished U.S. military role in Europe, a lower level of armaments and U.S. troop emplacements, perhaps the withdrawal of one or two countries from NATO—are bound to provoke alarm. Neoconservatives here and abroad will mistake them for symptoms of the decline of the West, the collapse of the will to resist, the triumph of American isolationism and European pusillanimity, and so on. In fact they will be signs of the withering away of the conflict's underlying causes. The next president should be ready to educate the public about why such changes are to be welcomed rather than feared. And he must be prepared to break the power of the military-industrial complex, or rather the military-industrial-intellectual complex, which has a powerful material, ideological, and emotional stake in the status quo. But all this is still only a hope, the fulfillment of which depends on events outside the control of any American president. Planning can be based on hope, just as it can be based on fear; but policy must be based on observed reality. The cold war is still more Gorbachev's to end than ours. □

dissent

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Peter Steinfels

LIBERAL POLITICS, CONSERVATIVE SENTIMENT

For almost a quarter century, Americans have been engaged in a kind of civil war, divided into two camps defined by fundamentally different moral-cultural perceptions. That idea, which would have been a surprise to Tocqueville or Bryce, has haunted our political activity and analysis since the 1960s. Todd Gitlin, speaking from the left, has recently described this "cultural civil war" as one "between the traditionalists and modernizers"; it has gone on for no less than a century but "flared up with a vengeance in the 1960s" and raised issues that "were never resolved or assimilated." Peter Berger is representative of the neoconservative right when he writes of nothing less than a *Kulturkampf* in which a whole range of social, moral, and religious issues pit the traditional middle class, now spearheaded by "business," against the new "knowledge class." The right, too, dates the outbreak of present hostilities from the 1960s. It is the decade, after all, that gave us such notions as "counterculture," "Middle America," "silent majority."

The skirmishes in this civil war continue. They could be seen in contrasting reactions to Oliver North's testimony during the Iran-*contra* hearings. They could be seen in the jousting over President Reagan's nominations to the Supreme Court. Indeed, an order of battle could be drawn up by listing the groups officially for and against the High Court nomination of Robert Bork. Among the pro-Bork forces: American Conservative Union, Black Americans for Life, Christian Action Council, Eagle Forum, Knights of Columbus, International Association of Chiefs of Police, National Association of Evangelicals, National Right to Life Committee, National Right to Work Committee, and the Southern Baptist Convention's Public Affairs Committee. In the anti-Bork ranks: AFL-CIO, American Civil Liberties Union, Common Cause, National Association for the Advancement of Colored People, National Abortion Rights Action League, National Coalition of Black Lesbians and Gays, National Council of Churches, National Gay and Lesbian Task Force, National Organization for Women, People for the American Way, Planned Parenthood, and the Sierra Club.

This listing of contending forces is incomplete, but it is impressive enough. Yet it may also disguise several realities that badly need emphasis at the beginning of a presidential election year.

First, most Americans are "civilians" in the great cultural civil war. They are caught between the lines, and they are torn by loyalties to both sides. Poll takers have been noting this fact all along. A recent Gallup poll conducted for the Times Mirror Company, for example, finds eighty-seven percent of those surveyed declaring they have "old-fashioned values about family and marriage," but more than two-thirds rejected the idea that "women should return to their traditional role." Seven out of ten said that government should "take care of people who can't take care of themselves," but almost as many agreed that

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"when something is run by the government, it is usually inefficient and wasteful." The public overwhelmingly thinks big business makes too much money and has too much power—but also thinks government regulation does more harm than good. Such statistics only echo and distill the "contradictions" that can be heard in luncheonettes, bars, PTA meetings, anywhere Americans have not been schooled in the principles of ideological consistency.

Second, despite the predictable clashes, there is something of a lull in the struggle. Perhaps everyone is feeling a bit chastened. The concentration of poverty among single female-headed families has given new urgency to certain feminist demands, but questions about family breakdown are also being reopened, especially by minority leaders, in a way that was not thinkable twenty years ago. The risk that AIDS and teenage pregnancies could be manipulated to reinforce right-wing fear-mongering has still not kept these threats from inducing a new sobriety among people who once welcomed the rejection of "Victorian" mores. The Baby M case reminded everyone of how ill-prepared we are for a whole clutch of problems posed by the impingement of technology and commerce on human reproduction.

The censorious right has had to beat at least a tactical retreat, the saga of Jim and Tammy Faye Bakker having fulfilled the fondest hopes of everyone who believes that Sinclair Lewis, H.L. Mencken, and Clarence Darrow said the last word on American fundamentalism. Meanwhile the Iran-*contra* affair exposed the administration's dark underbelly. Gary Hart proved that neoliberalism could be reduced to petulance and people running up and down the back stairs. The Ginsburg sequel to the Bork nomination demonstrated Marx's dictum on historical repetition as farce. Finally, the gyrations of the stock market have wonderfully concentrated everyone's mind. For the moment, moral righteousness has been dampened a bit all around.

Warfare between the two camps is also eased by the availability of a group that everyone can dump on, all the more so in the wake of the stock market's turmoil. Admittedly, the censure is not very severe, for the subordinate status of the group under fire is indicated by the diminutive, pet-like ring of its popular name—yuppies. Yuppies, after all, are the children who made good. (One popular "family" columnist has warned parents to be careful, "the yuppie you scorn may be your own.") But precisely for that reason, the anti-yuppie reproaches, which range from genial derision to outright condemnation, disclose much about the moral stances of left and right—and their limits.

The left, for example, reproaches yuppies for their lack of social consciousness, their readiness to translate their individual, family, or educational advantages into strictly personal success, their unembarrassed rush to the good life conceived as a low-risk, tasteful hedonism. In contrast to the generation of the 1960s, yuppies opted for fine-tuning their private worlds—which sometimes seem to extend scarcely further than their skin—rather than attempting to alter the public world.

What most of the varieties of conservatism hold against yuppies, on the other hand, is their lack of the famous "family values." It is not the ambition, the material success, the rejection of public responsibility that are lamented but the fact that yuppie energies are not contained within the framework of stability and accumulation thought to be necessary for family life: sexual fidelity, delayed gratification, deference toward the generation in place, respect for religious beliefs, and other traditional standards.

Yuppies are something of an embarrassment to both sides in the national *Kulturkampf*. Key values in both the liberal and conservative constellations can evidently be joined to produce a hybrid no one is eager to claim. Education, intelligence, a critical view toward traditional pieties have not produced the socially committed activists that liberals might have anticipated. Entrepreneurial energy and independence, eager acceptance of the economic system have not produced the solid, or even patriotic, Americans the conservatives desired. A recent survey of Notre Dame alumni—a Middle American bellwether, to be sure—reveals that over the last ten years, Notre Dame graduates have become politically more

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conservative and religiously more liberal. When some of the reports from the school on these developments seemed to carry an upbeat, approving tone, a friend in the administration commented sourly, "So what? It just shows that the alumni don't want the church proposing limits on what they do with their sex lives or the government proposing limits on what they do with their money. Nothing remarkable there. It used to be called selfishness."

I suppose we should enjoy the truce while we can. It won't, of course, be permanent. The *Kulturkampf* will undoubtedly boil up again and again during the presidential election year, and maybe there is nothing to be done except slog it out, knee-deep in exaggerations and caricature. It may be, however, that the momentary state of relative calm (or confusion) gives us a chance to take a fresh look at the values in conflict and rethink our political approaches to them.

Not that there haven't been any number of efforts to think across the battle lines of the cultural war. Writers on the left as well as an occasional conservative like Kevin Phillips have outlined "populist" programs meant either to bridge or to skirt the gap between left and right. Liberal activists have debated the merits of stressing their own version of "family" politics. The Catholic bishops, in particular Chicago's Cardinal Bernardin, have argued for a "consistent ethic of life," melding their concerns about nuclear weapons and abortion with opposition to capital punishment and support for the poor and unemployed. None of these proposals can claim much success. My own effort, moreover, is not a program but (at best) an insight. It is premised on the necessity of understanding the conservative impulses of a great many Americans who are not necessarily enlisted in the conservative camp.

Emblazoned on the conservative banner is the aforementioned "family values"; on the liberal-left banner, "compassion." Strange devices! They are scarcely opposites. But in fact they point in different directions. "Family values," shorthand for a conglomeration of issues relating to sex, socialization of children, and religion, points toward the world of existing group relationships, of people already tied to one another by kinship, religious fellowship, or neighborhood proximity. It is the world of "us." In principle, "compassion" is no less relevant to this world than to any other, but that's not what liberal editorialists mean when they invoke the term. They're not talking about compassion for spouse or siblings but fellow feeling for the stranger, the excluded, the neglected. They're talking about a capacity to reach beyond the "us" to the "them." "Family values" point inward; compassion, outward.

But there is more involved here than a difference in the direction of concern. Consider what the two camps have written on the reverse of their banners, the accusations they most readily fling against one another. The conservative curse word is unmistakable: permissiveness. The liberal counterpart is a little less clear: narrow-mindedness, mean-spiritedness, bias, greed, chauvinism, prejudice—pick one or two.

Again it is difficult at first glance to find any symmetry in these mutual recriminations. It is nothing so neat as a right that accuses the left of trying to change society too rapidly and a left that accuses the right of preventing rapid change. Everyone between the Atlantic and the Pacific favors change, it seems, and rapid change, too; but in regard to different things. Everyone favors preserving fundamental values; but disagrees as to what they are.

There is, however, one asymmetrical symmetry in the national *Kulturkampf* that I find full of political implications. It has not gone undetected but neither has it been underlined. My observation is simply this, that the conservative-liberal opposition lines up rather well with the traditional division of the human personality into will and intellect.

The liberal-left affinity for the intellect flows naturally from the Enlightenment headwaters. Break humanity free from the fetters of superstition, cultivate true science instead, and liberation will follow. The liberal notion of compassion stands squarely in this tradition. It is the antidote of prejudice or of class or racial

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narrowness; it is a feeling that springs up naturally once understanding breaks through the false barriers of ignorance and error—and reveals a common humanity.

By contrast, it seems increasingly apparent that what "family values" means—and also "basics," as in "back to basics"—has less to do with any particular content than with a general concern for discipline. Discipline, in turn, implies the strengthening of the will and the existence of practices that reinforce the will when it is weak. Virtue and achievement do not spring so much from understanding as from exercise, testing, repetition. Virtue, indeed, is some *habitual* excellence. What haunts the conservative camp about liberal "permissiveness," or at least makes the conservative message carry beyond the ranks of ideological or religious true believers, is not simply the rejection of this or that traditional social norm but the suspicion that liberals discount the struggle of will or the need for reinforcing institutions involved in the maintenance of any social norm.

Consider the problem from another angle. Critics of popular conservatism have an easy time demonstrating the inconsistencies in its various elements. On the one hand paeans to the free market and individual enterprise. On the other hand the expansion of government necessary for a hawkish foreign policy or the reinforcement of police powers for assuring "law and order." On the one hand an exaltation of "freedom." On the other hand an insistence on social conformity and an intolerance of intellectual heresy or personal eccentricity. The contradictions are obvious. Nonetheless, there is a connection between back-to-basics in the schools, "getting tough" with crime on the streets, letting the market take its course in the economy, and a ready resort to military power overseas. All involve rather simple, immediate, and direct schemes of incentives. All assume a human psychology, whether of pupils, criminals, economic actors, or foreign adversaries, that responds quite straightforwardly to rewards and punishments. (It shouldn't be overlooked that punishments are usually taken to be more effective for lower-income people and foreign enemies, while rewards are reserved for the rich and respectable; but this does not refute the underlying point. There is in fact a populist version of the conservative psychology that does not reflect this class bias but still posits a rather uncomplicated link between behavior and "interests.")

The human psychology assumed by liberals and the left is considerably more complicated. In all its different forms it posits any number of intervening factors that can deform or even reverse what would otherwise be a clear cut relationship between incentives and behavior. Penalties may crack the self-esteem of a novice. Military threats may only stiffen the resolve of an adversary. Rewards may relax the industriousness of a producer.

Is it true, then, that proponents of liberal remedies are inevitably saddled with a complexity that puts them at a rhetorical disadvantage when competing with conservative simplicities? In part, yes. Yet my own guess is that most people know, from their own experience, that the liberal "complex" psychology comes closer to reality. They know that their own children, their spouses and relatives, their neighbors and fellow workers, respond to external pressures in far more convoluted and apparently contradictory ways than the neat reward-punishment schemes would allow. It is not uncommon to hear a parent, far removed socio-economically from the classes where liberal psychology is known to flourish, speak about her child in terms that reveal a full awareness of the complex workings of achievement, discouragement, satisfaction, fear, and so on that are part of schooling. Sometimes she will speak in the language of pop psychology—but often in nothing but the language of untutored observation and common sense.

Why then are so many such citizens easily enlisted behind catchphrases like "Spare the rod . . ." and "There's only one thing these people" (minority teenagers, welfare recipients, labor unions, Iranians, the Sandinistas, Moscow) "understand, and that's force" (a spell in jail, a good boot in the pants, a cut in pay, bombing the hell out of 'em)? Sheer frustration with recalcitrant reality is certainly a good part of the explanation. But again and again we see that the citizenry is *not* willing to

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support the hard right's across-the-board "get tough" measures, whether against the poor at home or communists abroad. A good part of the public admits the cogency of liberal ifs, buts, and maybes, even while talking tough and distrusting liberal "permissiveness."

Class differences do become a factor at this point. Those who have tried to make "knowledge class" a term of derision, respectable social-scientese for "pointy-headed intellectuals," have conveniently ignored the economic interests that in reality fracture this "class" defined by education and function in a high-tech society. Nonetheless, it is true that the liberal affinity for social remedies that look to intellect rather than will naturally suit those for whom intellect is bread-and-butter and for whom personal satisfaction and intellectual challenge constitute a greater source of motivation. Much of the population finds itself in a quite different daily reality. Though they may chafe enough to remain not quite convinced of the conservative psychological model, relatively crude incentives are in fact the acknowledged determinants of their workaday lives. Sheer will is indeed essential to making it through one's obligatory tasks. And when sheer will is found wanting, one appreciates the social practices that provide reinforcement.

A politics totally dominated by these somewhat bleak facts might do little more than replicate them. To go further: a politics that is nothing but will is ultimately a fascism, as the phrase "triumph of the will" reminds us. But a politics that does not accord a sufficient regard for this dimension of human experience is sure to be distrusted. A lot of Americans catching their breath at the end of the day distrust liberalism because they do not think liberalism appreciates whatever it was that got them through that day's work. They do, alas, find an echo of it in such otherwise anodyne messages as "stand tall," "stay the course," or "just say no." Of course, there's some doubt whether they find enough of it in George Bush, but if Bush were a liberal, he'd be out of the question.

It's a tough world out there. That's the refrain of Bill Gapolinsky, the young college-educated voter of working-class background whose reaction to the Reagan-Mondale presidential contest is profiled, along with the reactions of his family and friends, in Jonathan Schell's *History in Sherman Park*. Bill votes for Reagan. It's a step Bill doesn't feel enthusiastic about, but it's the realistic self-interested choice in a dog-eat-dog economy. Bill feels that Reagan, like himself, can make the realistic, even when unpalatable, choices in a tough world.

It's also a tough world *in* there. The contrast between intellect and will is often part not of a dualist but a tripartite division of personality that adds *emotions* or some corresponding concept. But differing views of the emotions correspond to different attitudes toward intellect and will. If our emotions tend to be naturally positive and harmonious, intellect can more successfully steer them. If, on the other hand, we experience our emotions as unruly and potentially destructive, at least one plausible response is to emphasize the importance of will in keeping them in check or even directing them to constructive ends. This brings us back to a classic description of conservatism as envisioning human nature as weak and corrupt, a description always hard to reconcile with the relentless and absolutely obligatory optimism of the American right. The connecting thread is emphasis on will, whether one sees it as barely capable of containing our natural savagery or as actually propelling us far beyond our undisciplined and unmotivated condition into some Couéistic orbit. The underlying truth, which many Americans suspect will not be altered by even the most rational of social arrangements, was expressed by St. Paul: "For the good that I would I do not: but the evil which I would not, that I do."

What Can Liberals Do?

If liberal political strategists were to find something that rang true in these reflections, what would they likely do about it? The prospect is not exactly inspiring. "How do we get a little respect for *will* into the candidate's performance?" Change his hairstyle, the cadence of his speech, the leading phrases of his stump oration? Pick an issue on which he can

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demonstrate "toughness"? Of course, the attitudes of political candidates must ultimately be communicated in speech and gesture, program and personal qualities. It would be nice to think that such visible evidence corresponded to some inner conviction, some genuine sense of what a good part of the electorate has felt missing from liberalism.

But in fact a presidential candidate can do relatively little to change this kind of perception, at least in the short run. The Democratic party has been advised to concentrate on economic issues in 1988 and deal lightly with the moral-cultural questions that have divided the nation since the 1960s. That advice is sound. The line of division runs as sharply through the ranks of Democratic voters as anywhere. But it is also sound advice in terms of both the electorate's current anxieties and the political system's capacities. Most moral-cultural questions, after all, can be only marginally affected by the White House and Congress.

Nonetheless, not all the moral-cultural issues can, or should, remain parked on the sidelines; and even the economic issues, let alone the foreign policy ones, pose the problems of motivation, determination, discipline, exercise of will that so many Americans see as the conservative strong suit, as well as the problems of foresight, negotiation, institutional reform, intelligent planning, and (above all) inclusion of outsiders that have been the strength of liberalism. Whether liberal candidates manage to overcome popular doubts on this score may depend less on their own words and actions than on those of dozens of organizations, journals, personalities, even professions that together establish the public image of the liberal "movement."

I thought of this the other night when I broke away from these closing paragraphs to watch a television special. It was a marathon comedy show organized to raise funds for the homeless—"Comic Relief," it was called. Unlike "Hands Across America," with all its corporate sponsorship—and Main Street patina—this seemed to be the work of the younger comedians who have trooped across "Saturday Night Live," "David Letterman," and the other late-night showcases. The only corporate sponsor was Home Box Office, which had "opened its signal" to make the show available to all cable viewers. We're reaching forty million people, was the repeated claim, though I strongly doubted it. The first performer had a half dozen condom jokes, and a couple of cracks about the pope, the Vatican, and Jesus. Robin Williams kept breaking into his running parody of a fundamentalist faith-healer. There were no sexual innuendoes: there were simply no innuendoes. The desperate sex of the unmarried was the leading theme, and penis jokes abounded. Why not? The comedy routines reflected the paying milieu out of which they have emerged, essentially the yuppie audiences of comedy clubs. Steve Allen made an appearance. From his formal evening wear to his genial and tame sallies, he didn't belong. Not that there weren't limits of propriety. During one of the pleas for funds, a performer began, "Once you realize that there but for the grace of . . ." he faltered, ". . . whatever god you might believe in. . . ." A delicate moment.

Some of the show's humor was outstanding, a lot was at least novel. But I kept wondering what a show like this meant to the volunteers who actually work in the shelters the funds were going to support. Many of those shelters are operated by religious institutions. Many of the people who keep them going would have appreciated the anti-Reagan jibes, which were scathing. I doubt that the president and his budget-cutting are held harmless among that constituency. One could argue that the Democratic party was getting free campaign advertising, but at what cost of a different sort? There was not only a distinct cast to the comedians. There was a distinct assumption of what the audience, people who "cared about homelessness," must be like. In other words, liberalism was being given an identity. Think what you will of it, it is not an identity with which a lot of Americans, including many who do care about homelessness, are comfortable. It is interesting, by the way, that "Comic Relief" asked for pledges of money; it did not seek volunteers to actually work with the homeless.

Americans have always been far more

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complicated, far more unpredictable, far more *ornery* than the various "majorities" that conservative and neoconservative polemicists have celebrated. A friend of mine recently attended a conference where she listened to an older Midwestern couple pointedly introduced as "church people." The couple had two sons, both enterprising and successful—and both victims of AIDS.

Suppose the story ended there. A good many of my friends would have seen this as a kind of cautionary fable. Believers in a traditional straitlaced moral code had been forced to confront the fact that there are more things in heaven and earth than dreamt of in certain philosophies. The story, of course, did not end there. The elderly parents had brought first one son, then the other, home to be nursed in their dying days. And had the story ended there, I am sure my friends would have been moved by it. They would have admired the couple's actions, which they now would see as a welcome example of ideological inconsistency: parental acceptance and human decency triumphing over a narrow worldview.

But the story didn't end there either. One of the afflicted sons had been using his considerable resources to house and care for other AIDS patients. After he died, the parents began to take in and care for them as well. The Midwestern family home had become a hospice of sorts. The mother was at the conference to reassure other church people. My friend imitated the no-nonsense tones in which this reassurance was conveyed: "Yuh don't git AIDS by feedin' em. Yuh don't git AIDS by washin' em. Yuh don't git AIDS by huggin' em." At one point do we ask ourselves whether it was not *despite* the traditional faith of this couple but *because* of it that they could do what they did? Isn't it more than one philosophy, really, that needs to be expanded?

Most of America is not enlisted in the *Kulturkampf*. They are civilians trying not to be caught in the crossfire. They have some good words and some bad words to say for the combatants. They would much prefer a settlement, and they will lend support to whichever camp does the least damage and whichever camp really seems to understand their recalcitrant civilian existence. □

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Barbara R. Bergmann

A WORKABLE FAMILY POLICY

Child Care, Income Supports, Jobs

Millions of families with children—those who don't belong to the affluent upper crust, and even some of those who do—are having a tough time in America today. Their problems deserve a place on our national agenda, and policies designed to help them should be debated as part of the election campaign. Child care is a major part of the problem. Another part is the welfare system and the whole question of single parenthood and what to do about it.

The Democrats need a family policy. The right already has one: outlaw abortion, inject religiosity into the public schools, ban textbooks that show females as carpenters and males vacuuming the family living room. The unifying idea of the right is a desire to slow down and if possible reverse the move to new roles for women and the resultant changes in the family.

Even if they could be enacted and enforced, laws mandating prayer in the schools and a ban on abortion could do little if anything to bring back the traditional family structure as the dominant form. The entry of large numbers of women into the work force, the high incidence of divorce and out-of-wedlock births will not be reversed in the near future. These developments have been part of a movement toward greater independence for women that many welcome. But they have had negative consequences as well. The unifying theme of a liberal family policy should be the need for governmental action to accommodate the new conditions these developments have created.

Some of the functions that the traditional family previously served are no longer provided for large parts of the population. Once every family had reliable built-in live-in child care. Now a high proportion of parents are at their wits' end to find reliable child care at a price that will allow them to maintain a standard of living they consider reasonable. Once women and children could count on men to share their earnings on a lifelong basis. Now men cannot be reliably depended upon to serve that function. Millions of men have financially deserted the children they have sired.

The result of the child care problem is low-quality, unreliable care that puts children at risk and forces absenteeism on working parents. The result of the growth of single parenthood is poverty for an increasing proportion of women and children, and the growth of a nonearning population eking out a miserable existence on welfare. These are problems that the public knows and cares about. After the under-the-rug approach of the Reagan years, well-conceived, activist remedies can be made politically popular.

Of course, it is one thing to declare that action is called for, and another to design a good program and sell it politically. We don't have to accept the right-wing assumption that government programs are *inevitably* poorly designed, but there is an obligation to avoid programs that are shots in the dark, that have obvious major flaws, that are mostly pork barrel. We also have to watch out that programs don't unduly enrich a particular segment of the population, as Medicaid and Medicare have done for providers of medical services.

The social agenda we actively campaign for and try to enact into law should consist of just a few programs of exceptional promise that we

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have good reason to believe will be helpful and cost-effective. On our back burners, we should have a great many small-scale government-supported experiments, to look for solutions to the problems we don't yet know how to deal with.

There are three programs that deserve to be given priority—a quality child care program, the replacement of welfare by a system of guaranteed payments for children's expenses, and a program of helping single parents to get good jobs. These programs together constitute a "family policy" that would be sensible, progressive, and well within our means.

A governmental child care program would have considerable budgetary costs, as might a substantial jobs program. The welfare replacement program might save government money. But on balance this package of programs would increase expenditure. The big budget deficits of the Reagan years (which the "supply-siders" assured us would not occur) have been used as a rationale for refusing to consider programs that are costly.

A new administration should work to break the hold of that rationale. Proposing good programs, worth the taxpayer money they would cost, is the first step. The second step would be an explanation of where the money is to come from, whether new taxes or cuts in the defense budget, the farm program, shipbuilding subsidies, or the many other programs not worth their cost to the taxpayers.

Quality Care for our Children

The key ideas in a campaign to further the public provision of child care are availability, reliability, quality, affordability. Other countries are far ahead of us in providing government funds to finance and organize the care of preschool children. In Western Europe, Sweden and France have done the most. France has a large and popular system of public centers that provide high-quality, culturally enriching child care, largely at public expense. In the United States, private enterprise in the child care field has expanded the number of places. However, it has failed to provide a line of high-quality "brand name" child care facilities operating reliably at a price that parents in moderate circumstances are able to pay.

Even middle-class parents have a hard time arranging for care they trust, and any arrangements they make are likely to come undone. The *New York Times* gave the following account of one parent's anguish:

> Last year was a nightmare for Carol Berning. Each day after dropping off her two preschool children at the baby sitter's, the thirty-four-year-old consumer research manager for Procter & Gamble went to work with a knot in her stomach. . . . [She] found herself staring at her youngsters' pictures and worrying. Their sitter had been letting them play in the street, and worse, she was taking them on unscheduled trips. . . . Then, unexpectedly, the sitter resigned and the chore of finding a replacement was soon absorbing much of Mrs. Berning's workday. . . . (August 4, 1985.)

There are millions of Carol Bernings having that "nightmare." Public provision of child care would simplify the lives of employed mothers. It would eliminate difficult, risky, time-consuming searches for places for their children, and allow them the luxury of carrying out their jobs in relative peace. Most important, it would put a floor under quality.

Issues that we would have to resolve if we got serious about government involvement with child care would be:

1. *Should government provide vouchers that parents could use to pay the fees of private child care facilities, or should it provide child care facilities under public management*?

Here I would argue that the best approach would be to provide public facilities, since the major problem is assurance of quality and reliability. We could do a great deal worse than copying the French system of providing centers paid for and run by the government: nurseries (*crèches*) for infants, and preschools emphasizing music, art, social skills (*écoles maternelles*) for children in the two-and-a-half- to six-year-old age group. The preschool might be a good place to inculcate "values"—that a good American child, like a good Annapolis cadet, does not lie, cheat or steal.

Publicly financed school expenditures for

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grades one through twelve currently run about $125 billion annually. Extending publicly run out-of-the-home care for an additional five years to the 65 percent of children who have employed mothers, under the assumption that per-child costs in schools and day care centers would be roughly equal, might increase our national expenditures for public education by about 25 percent, or about $30 billion. If more mothers entered the labor force as a result of the program, or if day care costs were significantly greater than conventional school costs, the budget would have to be correspondingly larger.

2. *Should the taxpayers shoulder the whole cost of child care, or should parents be asked to pay some or all of the cost?*

Free or below-cost care for the children of the entire population would have to be justified by a concern for the quality of child care, to save parents from having to depend on trouble-prone private child care, and as a way to assist parents with the trouble and expenses of bringing up children.

The French, who have a per capita income somewhat less than ours but a somewhat lower birth rate, are apparently willing to finance these facilities for the most part through the public purse. An alternative would be fees paid by parents on a sliding scale, depending on income. I would argue for complete assumption of costs by the public purse, precisely on quality grounds: no parent should be tempted to go below the standard of publicly available care for monetary reasons.

Publicly funded and provided child care would particularly help women just entering the labor market and those women who become unemployed. It would allow them to hunt for jobs more easily. Freely available child care would also permit many unskilled women, who could expect only a low wage, to avoid welfare. Free public child care could not be justified solely or mainly on the ground that it reduced welfare costs. But there would be a gain in independence and respectability, even for low-earning single mothers. The availability of child care would encourage them to make a first step toward self-support.

Dependable child care at government-funded centers would reduce absenteeism among parents. The instability of child-care arrangements, and the inability of child-care providers to deal with sick children are a major cause of absenteeism in this country. Since absenteeism reduces productivity and competitiveness, some members of the business community would be likely to support government-provided child care.

Replacing the Welfare System

The current system for helping single parents, whose number is rapidly growing, needs replacement rather than reform. The welfare system traps millions of women and children in poverty and is almost universally acknowledged to be a failure.

Single motherhood is not a passing phenomenon. We will not reduce it in the foreseeable future by preaching "good behavior." The children of single mothers are an increasing percentage of all of our children. So we need again to think about long-term solutions and a set of policies that would allow single mothers to live in the mainstream of American life.

A system to replace welfare and keep single-parent families out of poverty would include the following elements:

1. For single mothers to live at a decent standard, much of their income will have to come from their own earnings—there is simply no other way. Any barriers to good jobs for them—lack of training, sex discrimination, race discrimination—need to be attacked.

2. Payments to single mothers should be for the purpose of helping them with the expenses for their child or children. The absent fathers of the children who can afford to make such payments should be the first source for such payments, whether the children were born in wedlock or not. They can afford to do so, in a considerable percentage of the cases.

3. In the minority of cases where fathers cannot provide substantial support payments, government child support grants should substitute.

4. Support payments to single mothers to help with the expenses for their children, whether by fathers or by the government,

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should not be withdrawn or be substantially reduced—as occurs with welfare—when the mother earns some money. Thus, unlike welfare, child support payments would not deter employment.

5. Single mothers and their children need a guarantee of high-quality child care and high-quality health care. Because of their particularly vulnerable state, they also need access to a relatively generous system of unemployment insurance.

In the United States about one quarter of families with children are currently maintained by women who do not have husbands living with them, up from 7 percent in 1960. The increasing absence of fathers from the homes of their children occurs in all population groups, but is most evident among blacks. Of all black families with children in 1984, 56 percent were maintained by women. Among whites, 17 percent of families with children were maintained by single mothers.

To rescue single mothers from poverty and dependency, we should move to a child-support system that could replace welfare. The State of Wisconsin is currently experimenting with a system in which each absent parent pays to the state as a "child support tax" a share of his or her gross income: 17 percent for one child, 25 percent for two, 29 percent for three, 31 percent for four, 34 percent for five or more. The tax is automatically withheld from pay. All children with an absent parent are entitled to a payment from the state equal to what that parent had paid or to a guaranteed minimum, whichever is higher. The part of the guarantee paid by the state, like the payment made by the absent parent, would not be lost if the custodial parent earns a wage.

After a suitable trial, we should consider the nationwide adoption of the Wisconsin system, or one like it.

Making a new and improved child-support system the centerpiece of welfare reform would do nothing to improve the situation of those two-parent families or other people who are in poverty. But that doesn't mean that it is not worth doing. Single mothers and their children have the highest incidence of poverty of all groups, and their problems appear the most intractable. Increasing government help to all poor people (for example, by a substantial negative income tax) would be much more expensive than child-support reform, and much harder to sell politically. Child-support reform can be sold as a way to make parents responsible for their own children and to get as many people off welfare as possible. By contrast, a negative income tax might double the number of people getting government poverty checks. Child-support reform increases the proportion of poor people who have an incentive to get a job; a negative income tax that could be collected by any poor person would reduce work incentives for large numbers. For these reasons a program of improving child-support collection (including a government-guaranteed minimum) is the best first step toward a new antipoverty program.

Jobs for Single Parents

The welfare system was set up in a period when mothers were not expected to take paid jobs. Welfare was supposed to give the mother who did not have a husband living with her (presumably a widow) the right to be a full-time homemaker—a pseudo-housewife, supported by the government rather than by a husband. Yet in most states benefit levels have never been high enough to keep a mother and her children at the poverty line or even close to it.

Some old-fashioned liberals, many of whom are attached to the idea that women ought to be home with their children, favor more generous payments in the form of conventional welfare benefits. To these liberals, welfare is a partial compensation for the failure of our economic and social policies to reduce unemployment among men, particularly black men. Until these men can be enabled to bring home a "family wage" on a reliable basis, so as to support their children themselves, these liberals believe that generosity in welfare benefits is simply the only humane alternative.

This old-fashioned liberal view ignores the change in the economic position of women since the Great Depression. Millions of single mothers do currently support themselves and their children, something that would have been

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impossible in the 1930s. Millions of married mothers are employed as well. Prior to the 1970s it might have been argued persuasively that being home with her children was the normal place for a caring mother. Forcing a mother to abandon the full-time care of her children because she was poor and lacked a man's support would have been considered cruel. Now, however, the full-time mother is the exception rather than the rule. The housewifelike position of the welfare mother no longer conforms to majority practice. That so many mothers have chosen to take employment undermines the assumption that husbandless mothers can and should choose to devote themselves full-time to motherhood and homemaking, at public expense. The classic liberal position on welfare and work for single mothers is neither wise nor politically feasible any longer.

Recently, would-be welfare reformers have looked to work for single mothers as the solution to the welfare problem. The more punitively inclined conservatives suggest workhouselike arrangements to "make welfare recipients work off their benefits." Mickey Kaus in the *New Republic* has advocated abolishing welfare, but guaranteeing a job paying less than the minimum wage. More constructive versions of the work solution involve putting pressure on welfare recipients to take training and look for jobs.

Under current conditions most welfare clients have access only to jobs with wages that are not high enough to keep them and their children out of poverty. So just getting them into jobs, desirable as that would be, is not nearly enough. Their access to better jobs should be increased, and their earnings supplemented with child-support payments.

If most single parents were white men, good jobs would be open to them, and almost all of them would already be self-supporting and above the poverty line. In actuality, of course, most of them are women and many of them are black or Hispanic, so that they suffer race and sex discrimination in employment. Effective programs, including training, job creation and affirmative action, are needed to get single mothers into relatively well-paying jobs, which few of them now hold.

When the suggestion is made that single mothers now on welfare (about four million people) would be better off in jobs, the objection is sometimes raised that jobs do not exist for them. Those who argue in this way seem to be implying that most of the welfare mothers would be unable to get jobs, or would be displacing others, and so reforming welfare would simply increase the number of unemployed people by four million.

This objection does not take into account that, historically, the labor force has grown continuously and that, except in unusual times, new entrants have been absorbed. As new supplies of labor become available, the economy adapts, and the number of jobs grows. The growth of jobs is not perfectly synchronized with the growth of the labor force, and there are periods of economic ill health when the growth of jobs ceases. But over the longer term labor force and employment grow at roughly the same rate. In the decade of the 1970s, the labor force grew by 23 million, of whom 13 million were women, and the number of jobs grew about proportionately. There is no reason to believe that the entry into the job market of single mothers coming off welfare would pose any problems of absorption not posed by the growth of the labor force from other sources.

Naturally, the absorption into the labor force of single mothers currently on welfare will be eased if economic policy can successfully keep unemployment rates low. Low unemployment rates and healthy economic growth are desirable for this and for many other reasons as well. However, the idea that we cannot reform welfare until we have a special guarantee that jobs are available for welfare mothers is erroneous. One might as well say that no new young people should be allowed to come into the labor force until new jobs have been earmarked for them.

There is a sense, however, in which the unemployment problem of single parents is more acute than that of other people. The consequences of a spell of unemployment are more severe for a single parent than for a spouse in a two-earner couple, or for a single

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person with no child to support. This suggests that the unemployment insurance system ought to be more generous to single parents in terms of size and duration of benefits.

A somewhat liberalized version of unemployment insurance could be made available to single parents. Like the regular unemployment insurance, it would be limited in duration, but would be available to single parents just entering the labor market. Adequate child support, plus their earnings, supplemented by unemployment insurance, would keep a high percentage of single parents out of poverty.

A policy package that promised government-sponsored child care, lower welfare budgets, greater independence of single mothers, and lowered poverty levels should be saleable to the American people. Politically, such a program presents a realistic and constructive contrast to the right-wing obsessions with abortion and school prayer. □

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Robert Lekachman

THE FED IN FACT AND FICTION

To Whom Is It Responsible?

Imbued with a salutary populist distrust of bankers, Americans only grudgingly and belatedly accepted the public need for a central bank analogous to the Bank of England and similar institutions in Western Europe. Major bank failures early in this century compelled congressional recognition, under the urging of Woodrow Wilson, that central banks could play an essential stabilizing role in guaranteeing the solvency of the country's credit.

In 1914 the Federal Reserve System came into operation. Responsive both to the continental size of the United States and to apprehensions that presidents or Congresses might manipulate it for political purposes, the Congress deliberately designed the "Fed" as an independent agency. The seven governors of the Federal Reserve Board are nominated by the president for terms of fourteen years, subject to confirmation by the Senate. The president designates one of the seven for a four-year term as chairman—the world's most powerful central banker. Congress craftily arranged that this crucial post fall vacant in the middle of a presidential term. Thus it was that Ronald Reagan inherited Paul Volcker, originally selected by Jimmy Carter. In 1987, implausibly for better or far more probably for worse, Ronald Reagan encumbered a new administration with Alan Greenspan, of whom more subsequently.

Just to complicate matters, there are twelve Federal Reserve banks headed by presidents who earn considerably more than the head of the system. In times past, the president of the New York Fed has contested power over credit policy and money creation with the Board of Governors. Neither the White House nor Congress exerts budgetary control over the Fed. It finances its operations, invariably with a sizable surplus, from the fees it charges the commercial banks that depend upon the Fed to clear checks, make loans to replenish depleted reserves, and in a pinch rescue a failing operation.

The mystique of the Fed is enormously enhanced by the secrecy that surrounds its machinations. Dimly recalling freshman economics, college graduates are aware that the Fed's variation of the interest rate it charges needy commercial bank borrowers (the discount rate) and its purchases or sales of government securities (open market operations) raise or lower the interest cost of buying a car, house, or major appliance. In the Reagan era, high American interest rates have induced Japanese and other foreign investors to buy tens of billions of dollars of Treasury securities. Our federal deficits and defense extravaganza have been substantially financed by foreigners. If America today "stands tall," as Ronald Reagan used to say, it is because thriftier foreigners are propping us up. The decisions of still another esoteric agency, the Fed's Open Market Committee (the seven governors of the Federal Reserve Board plus five rotating presidents of the Federal Reserve banks strewn across the land) set targets for new monetary growth. It scarcely aids comprehension that pundits squabble incessantly over the definition of the very word "money."

Fed chairmen inevitably acquire an almost gurulike aura. The chairman of the Fed from 1951 to 1970, William McChesney Martin,

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defied Lyndon Johnson in 1966 in order to raise the discount rate as a check upon an economy overheating from the escalating Vietnam war. In 1972 Arthur F. Burns performed a conjurer's trick by pumping up the money supply and simultaneously inveighing against inflation, all in aid of his patron Richard Nixon's reelection campaign. Burns's arrogant persona, his adept deployment of the professorial pipe and somber dark suits, and his grudging disclosure of Fed intentions, all contributed to a reputation for rocklike nonpartisanship belied by the great man's actions. By the end of his first term in 1983, Paul Volcker had acquired such global prestige that the president with almost visible regret felt compelled to reappoint him. No president cares to hear a mere banker described as his country's second most powerful official.

The Volcker era ended in 1987 under appropriately murky conditions. Did he genuinely resign, gratified that his work was done, or was he nudged out by an administration that was never confident of its ability to control Fed policy and too naïve to realize that Volcker's Fed shielded the administration from the consequences of its own reckless tax cuts and furious Pentagon escalation? His eight years are a convenient occasion to sketch the importance of the Fed's policy-making role and to ask the inescapable question: Should the Fed be put under the authority of Congress, the president, or both?

Practically every respectable soul graced the departing Volcker with lavish praise for his prowess as a slayer of inflationary dragons, as the savior of the banking system, and as a light unto the heathen in lesser lands. Such claims merit close inspection.

Let us begin with the obvious. Central bankers can stimulate inflation by printing more money and pushing interest rates down. They also know how to stifle the inflations often promoted by their own earlier decisions. Since 1945, central bankers in Europe and Latin America have repeatedly, if as a rule temporarily, halted and reversed price escalation. All that the monetary authorities need do is slow the printing presses, shove interest rates up, discourage business and consumer borrowing, compel layoffs—in short, administer the painful but efficacious medicine of recession.

In blunt language, the art of central banking is infliction of financial damage upon freshly unemployed workers, overextended farmers, precariously financed small enterprises, and the communities that depend upon them. Acclaim for Volcker attests to his capacity to endure stoically the misfortunes of his fellow citizens conscripted, all unwitting, for service in the war against inflation. Volcker warmed up in 1980 when his slowing of monetary growth and acquiescence in consumer credit controls caused a brief recession that contributed to Reagan's victory over the hapless Carter. But the main event was the mini-depression of 1981 and 1982. Almost certainly, gentler restraint upon money growth within the context of OPEC's disarray would have brought inflation down at the cost of much less punitive general contraction, unemployment, and lost output from shuttered factories.

Volcker's cold-turkey therapy entailed severe, enduring side effects. In December 1982 unemployment peaked at 10.7 percent, the highest figure in three decades. Only in 1987, the fourth year of recovery, did unemployment drop below 7 percent. This means that during the Reagan years many hundreds of billions of potential output of goods and services have been unnecessarily lost. Seldom enjoyable, unemployment has become more painful as the result of major cuts in welfare, food stamps, rental assistance to low-income families, Medicaid, and other social programs. Congress acted just in time to exacerbate the woes of idled workers. In its quiet way, the Reagan administration encouraged Fed policy.

Worse still, the shock of the 1981–1982 downturn has significantly changed public expectations. In the 1960s and 1970s, 6 or 7 percent unemployment signified, by general agreement, recession conditions and accordingly alerted the White House and Congress. President Nixon, nobody's bleeding heart, imposed wage and price controls, clapped 10 percent surcharges on imports, and increased federal spending all in reaction to a mere 5 percent figure. Nowadays the employed public, encouraged by economists who mumble about

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high "natural" rates of unemployment, accepts 6 or 7 percent idleness as tantamount to full employment or at least necessary to keep inflation low.

Volcker's strategy contributed to the overvaluation of the dollar against the yen and mark during the first half of this decade. That overvaluation, in turn, enlarged underpriced Japanese and German exports to the American market, imposed high, uncompetitive prices on our exports, and created massive trade deficits only now beginning to shrink slightly after two years of American action to talk down the dollar's value and correspondingly to increase that of the yen and mark. Until 1985, unfavorable exchange rates stimulated export of factory jobs, inflicted heavy losses on American manufacturing, and, not least, severely damaged trade unions. Even in a new environment of cheaper dollars and more expensive marks and yen, American producers are encountering grave difficulty recapturing markets lost earlier this decade.

Nothing signals more dramatically the shift of power from workers to employers than the following statistic: in 1986 large corporations locked out 55,000 men and women and promptly replaced them with far lower-paid substitutes. In this antiunion environment, Paul Volcker has served as a discreetly silent partner of a Reagan agenda all but explicitly directed to the reinforcement of corporate power.

The good news of the Volcker regime is the absence so far of a total collapse in the inflated structure of international debt. The bad news concerns Federal Reserve participation in a blatant bank scam. Commercial banks as large as Citicorp and as small as regional players in the Midwest and the South have been allowed to list as assets loans to the Third World as likely to be repaid by Brazil, Argentina, Mexico, and smaller debtors as the Soviet Union is to redeem Imperial Russian bonds. Worse still, the Fed encouraged banks to lend new money to these bankrupt countries so that they could pay interest on loans and American banks could continue to record the loans as "performing." It was John Reed, Citicorp's head man—not Volcker—who introduced a note of realism when last year he dramatically enlarged his institution's bad-debt reserve. In so doing, he tacitly conceded that substantial portions of Citicorp's Latin American portfolio were at risk. Almost certainly, the new bad-debt reserve understates risks of default. Moreover, other banks in weaker financial condition than Citicorp have, in following Reed's lead, exposed the fictions upon which bank accounting has been allowed to operate with Fed indulgence.

In sum, Volcker has been true to the tradition of central banking: Protect the strong and sacrifice the weak. Major banks, like Chicago's Continental Illinois, must be rescued lest financial markets panic. Those who operate in them apparently prefer accounting fictions to honest bankruptcy. The financial community greets calmly news of layoffs, small-business failures, plant closings, and farm foreclosures. In the topsy-turvy universe of high finance, low unemployment is bad news, for the Fed might interpret it as a sign of renewed inflationary pressure and as reason to push interest rates higher. When, under pressure from the International Monetary Fund, lesser Volckers in countries like Egypt and the Dominican Republic impose higher food prices and more unemployment on their citizens, riots more than once have broken out and compelled governments hastily to reverse course. In conservative America, the natives are quiet.

Paul Volcker's legacy is a more powerful corporate sector, banks protected from their own follies, a badly damaged labor movement, and unaddressed Third World debt burdens. No wonder the man commands veneration from respectable financiers. Alan Greenspan, who bills himself as a shorter Volcker, will no doubt continue if he can the Volcker charade.

Throughout its history, the Fed has been a political institution. Usually it has faithfully adjusted itself to White House inclinations. The myth of independence, reinforced from time to time by Fed action against the wishes of unpopular and therefore vulnerable presidents, has served to shield men in the White House from blame. Thus the supply-siders in the Reagan administration were able to evade

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responsibility for the minidepression in 1981 and 1982 by claiming that it was the fault of Paul Volcker and his colleagues. The White House happily collected credit for taming demon inflation and absolved itself of complicity in the sharp contraction which, in combination with falling energy and food prices, achieved this nonmiracle.

Liberals must take note of the Fed's tilt against Democratic administrations. Martin defied Truman and Johnson. Volcker sabotaged Carter. Central bankers are conservatives more alarmed by inflation than by unemployment. On the record, they have also been willing in election years to submerge their anxieties about inflation in order to enhance the victory prospects of Republicans after the fashion of Arthur Burns in 1972.

The Fed in other words is approximately as ideologically neutral as William Rehnquist and Robert Bork. So covertly political an agency cries out for a clear, public definition of its role. When and if the White House shifts to Democratic control, the Fed should neither sabotage ongoing economic policy, nor should it refrain from stimulating the economy in an election year on an equal-opportunity basis for liberals and conservatives.

Perhaps easier said than done. A clean resolution of the accountability issue might be the appointment of all members of the Board of Governors, not just the chairman, for four-year terms coinciding with the dates of presidential elections. If the Fed is at heart political, no justification exists for the fourteen-year terms of members and the staggered four-year term of the chairman. Governors eager to be reappointed will display themselves as cooperating with liberal administrations just as now they ally themselves with conservative presidents.

As a congressional creation, the Fed might report to Congress. On the "covert action" model, the chairman might seek the approval, say, of the Joint Economic Committee before it undertook any significant policy change. When congressional control is divided, as it was during the initial six Reagan years, this model insures frustration and policy drift.

There is merit in transforming the Fed into an executive agency. Presidents routinely take credit for good economic news. They ought in equity get the blame for slow growth, high unemployment, unfavorable trade balances, and other maladies. Elsewhere in the more or less civilized world, the chancellor of the exchequer or the finance minister possesses statutory authority to issue instructions to the central bank. In England and France, it is plain to all parties that executive control covers both taxing and spending (fiscal policy) and interest rates and credit creation (monetary policy). If ever the time were appropriate to transform the Fed it is now. Alan Greenspan is a Republican loyalist, a soldier under Nixon, Ford, and Reagan command. He will do his best in 1988 to continue Republican control of the White House. There is every reason to make 1988 the last presidential election in which the Fed can quietly promote the conservative cause. □

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Rashi Fein

TOWARD ADEQUATE HEALTH CARE

Why We Need National Health Insurance

Each year more Americans face an uncertain health future with inadequate or no insurance to help pay for medical care. National efforts to control and contain medical expenditures, which are endangering the quality of care, have met with few successes. Advances in biomedical science, though welcome, will add to costs and will further strain government and private budgets. We can expect additional pressure to restrict existing health insurance policies, to increase patient "cost-sharing," and to cut benefits. More and more of us will be forced into health plans and patterns of care we now reject. It will become harder to pay for the care we need. Inevitably, this will be doubly difficult for those not covered by employer group health plans. Insurers, concerned about future costs, will reject self-selected individual subscribers. Decisions will be made for us and for physicians by cost accountants; attaché case and three-piece suit will replace stethoscope and white coat.

This article focuses on the way we finance health care and its implications for equity and expenditure control. I shall briefly review our recent record, examine the genesis of our present situation, and describe the characteristics of a responsible comprehensive and universal health insurance program. I suggest that we view health care as part of a general set of issues concerning the nature of the American community and our social well-being.

As I write, the Hundredth Congress is considering some form of catastrophic health insurance for Medicare beneficiaries. Medicare, however, is only one item on the health policy agenda. Whatever the outcome of this debate, we need to encourage our representatives and those who seek the presidency to address the larger health problems that remain: the inequities in access to care and the ever-increasing expenditures for care.

Some Progress, Many Gaps

Progress has been made over the last two decades. Between 1960 and 1980, life expectancy at birth increased by a full four years. Put differently, but no less dramatically, the age-adjusted death rate—that is, the number of deaths per 100,000 population adjusted for the changing age of that population—declined from 760 in 1960 to 585 in 1980.

Though there are large variations between subgroups of the population, on the whole we live longer and with less impairment. In a word, we are healthier. But that is not all we find on our report card. Other entries are disconcerting:

First: the percentage of Americans under age 65 without any public or private health insurance has been growing—up by over five million persons since 1980. Thirty-seven million individuals, one out of every six Americans, have *no* health insurance whatsoever and millions more have inadequate coverage. Expansion of the service sector, which traditionally has not provided health insurance for its employees, will increase these numbers.

Second: in the two-year period 1982–1984 fully half of America's major corporations increased employee premiums and deductibles and one-third increased co-insurance and co-payments, or the amount that the insured must

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pay for each service. In 1981, 84 percent of a sample of corporate medical-insurance plans paid all hospital room and board charges incurred by employees or their dependents. By 1986, this was true of only 38 percent of the very same plans. Fewer Americans have insurance and those that do, have less of it.

Third: Medicare, the federal health-financing program for the aged and disabled, has become more expensive. Premiums for physicians' services have increased and the hospital deductible rose from $400 in 1985 to $520 in 1987. *Medicare now pays for less than half of the health care costs of the elderly.*

Fourth: Medicaid, the federal-state health-financing program for the poor (more correctly: for some of the poor), now assists only 40 percent of America's poor and only half of America's poor children. *Between 1977 and 1983 the number of Americans in poverty grew by 10.5 million while the number of Medicaid recipients declined by 1.3 million.*

Fifth: the health sector is becoming more commercialized. For-profit firms have been legitimized. Their "bottom-line" mentality has led to denial of care to those patients who will not be "profitable" or who cannot pay.

There is another issue. In spite of the fact that many of us have less protection and receive less care than we require, American health expenditures continue to grow rapidly. In 1986 these totaled $458 billion, an increase of 8.4 percent over 1985. A larger and larger proportion of our income and total production goes for medical care. The percent of the Gross National Product allocated to the health care sector has expanded from 5.9 percent in 1965 and 8.3 percent in 1975 to 10.9 percent in 1986. More resources for medical care means fewer resources for capital investment, education, parks, housing, or consumer goods.

Let us dispose of myths. There is a myth that the uninsured are shiftless, lazy, and unwilling to work. Not so. Most of those without insurance are employed (or dependents of people with jobs). The enterprises they work for do not provide the "fringe benefit" of nontaxable health insurance, do not organize group enrollment at lower premiums, and do not pay wages sufficient to enable individual purchase of policies.

Another myth: the uninsured generally get care anyway, paid for by Medicaid or given free. That is only partially the case. Medicaid covers less than one-half of America's poor. Though many providers take care of people who can't pay, the uninsured—who tend to be poorer and sicker—receive half the hospital care and two-thirds the physician care that others do.

A final myth: because America spends more on health care than other nations, our health indices lead the world. We do spend more for care. Yet, in 1983, sixteen countries around the world had lower infant mortality rates (a traditional health measure) than we. Our infant mortality rate is 23 percent higher than that of our neighbor, Canada. It's not that we lack medical technology or expertise; it's not a question of survival rates for low-weight babies. In large measure our problem derives from inadequate prenatal care, often due to lack of access.

The Choices We Made

The progress we once made (as well as the slippage in the recent past) was neither preordained nor accidental. Although personal behavior in regard to smoking, diet, and life-style played a role in improving health indices, the record we achieved was largely the result of collective rather than individual and independent action.

These actions were stimulated, implemented, and financed by the most important instruments through which we undertake collective action: the various levels of government. In 1965, in the wake of Lyndon Johnson's landslide victory over Barry Goldwater, Congress enacted Medicare and Medicaid. The Office of Economic Opportunity helped organize and fund neighborhood health centers. Support for nutrition programs and maternal and child health activities expanded. The civil rights movement and consequent federal legislation helped remove segregation barriers in hospitals. Research activities supported by the National Institutes of Health expanded, as did the number of medical schools and students.

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The guarantee of funding through public payment stimulated the renovation and expansion of American hospitals and the addition of sophisticated technology. Disparities in access were reduced. It was a golden age for American medicine.

Rising incomes and full employment (for part of the period) and increases in Social Security also made significant contributions to improvement in America's health indices. Important as medical care is for the achievement of higher health status, so also is an increase in living standards.

In recent years, however, many federal health programs have been cut back. Where the economic gains of the 1960s were widely shared and poverty rates declined, recent advances have been smaller and have not been distributed as widely. Income disparities have widened. So, too, have disparities in access to care and in health indices.

That, too, is not an accident. It reflects the difference in the attitudes we hold, and the social and economic policies we have chosen to pursue.

In the early 1970s our social outlook and attitudes were different. One should not succumb to nostalgia—not for Vietnam, the oil crisis of 1973, Watergate, or rapid inflation. Yet we should recall that in spite of those difficulties, we were seriously examining important social issues. There were efforts at welfare reform. President Nixon even proposed a national health insurance program.

The assumption in the early 1970s—and it was a reasonable assumption—was that national health insurance would soon be enacted. That did not happen, but the fact that leaders of Congress and the president debated specific health insurance proposals showed a willingness to address issues of social policy—specifically that millions of Americans did not have any insurance to protect them against rapidly increasing costs of medical care.

That debate assumed that Medicare, the largest public health-financing program, was working well. Social insurance was acceptable and accepted. Indeed, in 1972, Medicare was liberalized to include the disabled and those suffering from renal failure (it was suggested, sardonically to be sure, that we might get comprehensive national health insurance "organ by organ").

It's also worth noting how different were our attitudes toward reliance on government's helping hand. In contrast to today, when many Americans "mistrust" government, in the mid-1960s we did turn—with ambivalence, but turn nevertheless—to government to lead the war on poverty and to provide the social insurance of Medicare. Perhaps one of the reasons we were willing to do so was that the issue of distributional equity was raised at the highest level of government. We did not think it unreasonable for the president to tell us that decent medical care should be available to all and that government could solve domestic social problems. Our record was not as good as that to which we aspired, but we did make significant progress.

Our attitudes changed. We grew cynical (and there was much to be cynical about). We were buffeted by inflation (low by European standards but high by American ones and alien to our experience). New leaders told us we couldn't solve problems by throwing money at them—quite as if money didn't matter. We were lectured that there were no simple answers—almost as if complex ones were un-American. We were encouraged to think that hope lay only in free-enterprise markets. We hunkered down and, beset by problems, looked inward and tried to protect our individual selves. Something important happened to the sense of community. Of great significance for the longer run, and tied to the decline in the sense of community, is the coming apart of arrangements by which one group of consumers assists another (sometimes, to be sure, without knowing it and as a consequence of regulation). Such systems of cross-subsidy existed in airline and telephone service as well as in health insurance.

Many of us still remember the days when Blue Cross used "community rating"—a system of voluntary cross-subsidy—to set premiums. It charged the same premium to all subscribers even though, as a function of age

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and health status, some individuals predictably would use more and others would use fewer services.

That system collapsed in the face of competition from commercial insurers whose "experience rating" premium structure reflected the health experience and projected use of health care services of particular groups narrowly defined. Since most group insurance was employment-related, employed individuals who were younger could get a lower premium than called for by the Blue Cross/Blue Shield community rate (which included the retired elderly). The consequence was clear: the young and healthy opted for lower premiums and dissociated themselves from those who were older and likely to need more care. By 1965 most of the population age 65 and over had no private health insurance because the unsubsidized rates they faced had increased beyond their ability to pay. The enactment of Medicare, a compulsory collective effort to help the aged, was the inevitable consequence of the collapse of the earlier voluntary system of sharing costs.

The age (and, in the case of airline and telephone service, residence) distinctions on which cross-subsidies are based are poor proxies for distinctions based on income. If we seek equity, we should be troubled by situations in which low-income young persons subsidize the health care of more affluent older individuals. Income provides a more acceptable way to assess whether we are being "fair"; compulsory taxation is a more refined tool to achieve equitable redistribution.

Nevertheless, cross-subsidies do help in the "average" case. Thus, if we give up voluntary cross-subsidies we must be prepared to replace them—as in the case of Medicare—with collective and compulsory redistribution programs. But that runs counter to what we have heard for seven years from an administration that has been telling us that we should do privately what we had been doing communally through government. Welcome as increased private effort might be, private charity cannot substitute for government programs, nor can individual priority-setting substitute for communal determination of needs. Solutions for the disparities in our income distribution will not be found in privatization, competition, or the free market. Indeed, it is in the context of the free market that our major corporations indicate their unwillingness to continue to pay the higher premiums that once provided funds to cover the costs incurred by the uninsured.

Our health care financing system has two unfortunate characteristics: (1) private insurance is employment-related rather than universally available; (2) public and private payment systems have no control mechanism, no way of arriving at a decision concerning the appropriate level of total expenditures. The existing insurance systems have not furthered equity and have encouraged the expansion of the health sector without consideration of real costs, alternative ways that medical care could be produced, and other social priorities.

Expenditures are high. None of us is certain we are getting value for money. Liberals and conservatives agree that we need a control mechanism (liberals would say "an equitable control mechanism"), a process by which to determine how much society will spend. But there is disagreement about whether government or the free market is the appropriate mechanism. The resolution of that issue remains on our agenda. To understand what is at stake requires a redefinition of the "right to medical care."

What Are our Health Care Rights?

When medical care could do less and was less costly, we spoke as if every American should have a right to all the care that he or she might benefit from, however marginal that benefit might be and however large the cost. Today we are increasingly aware, if only because of advances in medical science, that no society can make that definition operational. We must be more specific when we speak of "the right to care."

That requires a recognition that the right is composed of two parts. The first is the right of citizens to expect that the dollars and resources allocated to medical care will be consistent with their collective perception of the benefits that care confers and the alternative benefits

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that might be generated were the dollars and resources used in other ways. That right is similar to our expectations in areas such as national defense, highways, education, etc.

The second right is the individual's right to an equitable share of those total health resources, where equitable means that the distribution of care reflects medical needs and the costs and benefits of care rather than individual income, wealth, political power, or social status. This right is similar to our expectations in areas such as access to education, parks, and a basic level of sustenance. (It, too, is a concept with which we are familiar.)

This two-part definition is the antithesis of one that calls for private decision-making through the marketplace. The marketplace determines what we spend on fine brandy, vacations in Acapulco, sun-dried tomatoes, yachts, and other less exotic consumer products. But this level of expenditure does not represent the collective perception of all the citizenry. Rather it is the sum of the individual perceptions of those who have the dollars. It is *not* the way we decide how much to spend on education or other public goods in which public benefits exceed private ones.

If, as I suggest, both rights are necessary, we require a structure that can determine the citizenry's perceptions and that enables us to translate them into an effective program. Such a structure exists and operates at various levels. It is called government. Of course, it does not function as well as it might. It is cumbersome (though the "invisible hand" of the free market can be "all thumbs") nor is it always wise or beneficent. It is influenced by small but powerful groups—though we may all enjoy free speech, some use loudspeakers while others can only whisper. Even so, in the political realm each of us has no more or fewer votes than the next person, whereas in the marketplace each of us votes with dollars and that means that some have far more votes than others. There is little reason to believe that the two voting systems would yield the same result; there is much reason to believe that the democratic method, though imperfect and in need of repair, could more appropriately reflect the health needs of the total population.

In contrast, the free-market solution to America's health problems is replete with problems. It assumes competition, but, in fact, the market characteristics necessary to make competition work (e.g., many buyers and sellers, ease of entry, access to information) do not prevail. Furthermore, competition is likely to lead to segmentation of the market and to inequities. There is profit to be made by enrolling healthier patients into an insurance or delivery program. But if each insurer or delivery system competes for healthy patients, who will protect or take care of those who are sicker and "bad risks"? This issue has already arisen: insurers do not want to enroll individuals at risk of contracting AIDS. Given advances in medical science that will permit assessment of the future risk of heart attack, diabetes, and other ailments, the temptation to segment the market and exclude some (many?) individuals will prove irresistible to firms playing by the rules of the marketplace and trying to maximize profits.

Defining a Universal Health Insurance Plan

The two-part formulation of rights has an operational counterpart: a universal health insurance program with budget control. It does not require that government produce medical care, but it does require that government be concerned with how much care will be produced. It does not require that government run the delivery system, but it does require that those who run it be held accountable. It does not require that government make clinical decisions, but it does require that government set appropriate incentives and a framework for those decisions so that they more adequately reflect medical and social needs.

In constructing a universal health insurance system with budget controls, it will not do to present the national health insurance plans that were debated in the 1910s or 1920s or 1930s. Harry Truman's plan of the late 1940s is not appropriate today and neither are the ideas put forward in the 1960s and 1970s. We must take account of recent changes in the health sector and in the American economy. Even the best program will not operate perfectly, for the design will have to compromise between our

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various goals. But given the fact that, except for the United States (and South Africa), every industrialized nation has some form of national health insurance, it is clear that the obstacle to such a program is ideological rather than technical.

What characteristics might a national health program have? The first issue is the appropriate level of administration and on that, as on other matters, we would do well to learn from Canada. For some time it has been assumed that NHI would be a federal program administered from Washington. I would suggest a different approach: administration by the individual states (Canada uses provincial administration). The federal government would have the responsibility to define the benefit structure (the list of covered services), to monitor compliance, review quality, assure nondiscriminatory behavior, enforce portability of benefits across state boundaries, and set standards for enrollment. It would also provide financial assistance to help the individual states enroll their total population in the insurance program (the goal is an insurance program, not a pool of funds to pay for "uncompensated care"). But the development of appropriate health-care budgets, payment mechanisms, enrollment options, and ways to raise and pool dollars would be state responsibilities.

The various states could develop different mechanisms to discharge those responsibilities. One desirable approach would require that states set up "authorities" into which all funds would flow (including all subsidies) and from which "premiums" would be disbursed, in response to the insured individual's choice, to insurers acting as fiscal intermediaries or to organized delivery systems. This arrangement would enable public funds to be mixed with private funds and still allow individuals to select from among providers and reimbursement agents.

As in Canada, we would have state programs meeting basic federal requirements, but each would be administered in ways that more adequately reflected local priorities. The Canadian system works effectively: Canada's universal and comprehensive insurance system is less expensive than our patchwork quilt, yet its health indices equal (and in some cases, exceed) ours. One reason the Canadian system costs less is that administrative costs are lower. If we adopt a similar system, we could use part of the savings on administration to offset the increased costs associated with increased access. We could spend our money on health care rather than on enrollment, marketing, claim forms, and bookkeeping.

The United States, of course, is not Canada. Our history, tradition, and attitudes are different. So too, our size, population, and economic structure. It would not do to adopt the Canadian health insurance program, but we can adapt it. I opt for state-administered programs, even knowing that there will be disparities between the states, for what I believe are powerful and persuasive reasons. The fact is that at present many of our states have greater capacity for effective administration than does the federal civil service, which has been decimated in recent years. A number of our states have worked at cost-containment issues and have developed expertise that can be built upon. Given the freedom to act (federal legislation now prevents that) and some part of the necessary funds, they are likely to move with vigor.

Furthermore, our health care delivery system is far more heterogeneous than in earlier days. Health Maintenance Organizations are far more prevalent in some parts of the nation than in others. What makes sense in St. Paul may not fit Des Moines' needs or be responsive to its population's desires. There is reason, particularly with a set of services as personal as health care, to bring decision-making about the allocation of resources closer to the citizenry. Perhaps that was not as necessary during periods of rapid expansion. But it would be beneficial if we are trying to contain costs and are engaged in political battles about health budgets, appropriate levels of spending, and necessary trade-offs.

There are arguments against relying on state administration. I do not find them compelling. The first is that the states are not likely to develop social-insurance-based enrollment pro-

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grams. Most states will mandate employers to provide insurance for their employees (with state assistance to meet the premium costs) and will develop special enrollment programs to cover remaining parts of the population. But it is important to recognize that for the last fifteen years that has been the very kind of program that many liberal members of Congress (who in earlier years supported a social-insurance program) have favored at the federal level. They have not been enamored of the kind of program that would increase the federal budget and raise taxes. They prefer to build upon existing employment-based insurance, believing that employers view premiums differently than taxes. Therefore, it is not clear that we lose anything by going the state route. Indeed, there is the possibility that some state legislatures would be more daring than the Congress and opt for more broadly based enrollment mechanisms supported by state taxes.

A second argument against state administration is that it would inhibit equalization between the various states. Though the federal government could (and should) take account of income differences and provide funds for equalization purposes, there is the possibility that residents in some localities would have more and better health care than if they lived elsewhere. That remains the case even in Great Britain, which has a National Health Service, and in the U.S. under Medicare. Disparities will only be erased over a long period of time. It is not clear that a purely federal program will achieve more rapid equalization. What it may do is erect a façade of legislation that pretends to equality even as the reality is otherwise.

A third argument stems from the fact that not all the states have equal administrative ability or commitment. Although the federal government can use the power of purse to "induce" states to participate (for example, denial of business deductions for health insurance premiums in states that fail to set up an approved program), federal authorities should assess performance and be prepared to administer the program in any state that fails to discharge its responsibilities. Nevertheless, all states should be given the opportunity to implement an insurance program.

It is time to develop the detailed specifications for a federal-state national health insurance program that explicitly recognizes which macro-health-care decisions are essentially political and invite more active participation by the electorate. Over the years countless polls have shown that the American people support national health insurance. A future president could articulate a vision of a more equitable and responsible health care system. □

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David Osborne

TOWARD A POSTINDUSTRIAL POLITICS

What a Few Governors Have Learned

The most important political issue—in peacetime—is always the economy. This basic truth will only intensify over the coming decade, as the United States continues its painful transition from an industrial economy built on assembly-line manufacturing in large, stable firms, to a rapidly changing, knowledge-based economy built upon technological innovation. "Economic competitiveness" has already emerged as the leading theme of the 1988 presidential election. Once the election is over and the next recession begins, it will become a national obsession.

This is the ground on which American politics will be fought in the 1990s. Although we cannot agree on what to call the new era—the "postindustrial economy," the "information age," the "era of human capital"—few deny that the old one is over. Battered by the new microelectronic technologies and the global market they have created, the fundamental organization of the American (and international) economy has changed. In basic, standardized manufacturing, the rest of the world has gradually caught up to—and in many cases surpassed—the United States. When workers in Brazil and South Korea are paid a few dollars a day to make autos and steel, our competitive advantage no longer lies in products that can be manufactured on traditional assembly lines. It lies instead in sophisticated new products and services that depend on advanced technologies and educated workers. It lies, in short, in continual and rapid innovation.

This reality has cast up a series of new problems in American life: idle factories, dislocated workers, and ruined manufacturing regions. Less obvious are the problems that inhibit our ability to innovate: a poorly educated and trained work force; high rates of illiteracy; adversarial relations between labor and management; inadequate supplies of risk capital; and corporate institutions that lag behind their foreign competitors in their ability to commercialize research advances, adopt new production technologies, and exploit foreign markets.

These problems cry out for new efforts by government, at all levels. Whichever party comes to grips with them and fashions a new role for government will dominate the next era of American politics. Progressives have been arguing for years that government will only be able to address our economic problems when it learns to intervene in private investment decisions, to change the trajectory of the private marketplace. The party which masters that role will command the political heights.

To see how this can be done—indeed, to see the race for those heights already under way—we need look no further than our state capitols. Economic competitiveness may be a new issue in Washington, but it has dominated state politics throughout the 1980s. The past decade has been a period of enormous experimentation, with Democratic governors such as Dukakis of Massachusetts, Celeste of Ohio, Blanchard of Michigan, and Clinton of Arkansas matched almost stride for stride by

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Republicans Thornburgh of Pennsylvania, Kean of New Jersey, and Orr of Indiana.

Over the past ten years, state governments have created at least one hundred public development banks and venture capital funds, well over one hundred new programs to stimulate technological innovation, and hundreds of programs to help start-up companies thrive—small business incubators, seed capital funds, and business assistance centers. They have changed the rules of the marketplace—to create more patient capital, to encourage more loans to new and small businesses, even to encourage investment in worker ownership. They have invested their public pension funds in venture capital, small-business loans, and affordable mortgages. They have set up industrial extension services to help mature manufacturers adopt the new production technologies they need to survive. They have created new programs to retrain dislocated workers. And they have funded labor-management committees designed to change the adversarial culture of American industry. In short, they have embraced a range of creative methods to shape the marketplace in ways that stimulate economic growth. Strategies that were advocated only by progressives in the 1970s—particularly those of the Conference on Alternative State and Local Policies—have become mainstream.

Why is this happening in the states rather than in Washington? The easy answer is Ronald Reagan. But Jimmy Carter lagged behind the more innovative governors of his time as well. The more fundamental answer is that the initial responses to profound economic changes usually come at the state and local level. The same thing happened when America entered the industrial era.

The progressive movement grew up in response to the transition from an agrarian and small-business economy to an industrial economy. Progressive reforms were designed to ameliorate the problems brought on by rapid industrialization: the explosion of the cities, the exploitation of child labor, the growth of massive corporate trusts. Many of these reforms first appeared at the state and local level. Indeed, the groundwork for much of the New Deal—unemployment compensation, Social Security, large public works projects, deposit insurance, the farm credit system—was laid in the states. "Practically all the things we've done in the federal government," Franklin Roosevelt once remarked, "are like things Al Smith did as governor of New York."

This was no accident, just as the wave of state-level innovation today is no accident. Presidents and Congresses preside over booming regions as well as depressed regions. But governors and state legislatures have no such luxury. When unemployment approaches 13 percent, as it did in Massachusetts in 1975, or 18 percent, as it did in Michigan in 1983, politicians have to respond. They cannot afford to wait for the next recovery, or to evoke the nostrums of free-market theory.

The 1982 recession did provoke a debate in Washington over new economic strategies, grouped loosely under the label "industrial policy." But when some of the better-known proponents of industrial policy made their central recommendation a new Reconstruction Finance Corporation (RFC), to make large federal investments in targeted industries, the debate got sidetracked by the issue of whether government could effectively "pick winners." Despite the fact that many industrial-policy advocates disliked the notion, the RFC proposal served as a lightning rod for critics, who argued that government could neither predict what would succeed in the marketplace nor keep political considerations out of its investment decisions.

In the states, the governors stayed away from ideological debates. They simply brought together their business, labor, and academic leaders and hammered out pragmatic programs that might work. They realized that the "free market" was a myth, that governments always shape markets by providing the ground rules that allow them to operate. They understood that to frame the debate as "picking winners" vs. respecting the free market was to profoundly misunderstand the issue. The real question was how government could reshape (or "perfect," to use a term more palatable to conservatives) the market so as to ensure that more American winners emerged in global competition.

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Every time a government decides to fund research or provide a loan, of course, it must make judgments about which areas show the best potential for success. But this is a far cry from subsidizing a particular product or technology in order to ensure its success in the marketplace. Rather than targeting specific products or technologies, the governors have largely targeted processes: technological innovation, capital formation, new business formation, the commercialization of research, and the adoption of new manufacturing technologies.

Michael Dukakis is running for president as the star of this movement, the governor who used innovative new methods to create the "Massachusetts miracle." Dukakis has launched some interesting experiments, but, in reality, their quality is quite uneven, and his overall system is not well matched to the state's needs. Though he often gets credit for Massachusetts's explosive growth, even his top economic aides acknowledge that the boom began before his programs were in place, and that it would have continued regardless. (If Ed King, who defeated Dukakis in 1978 and lost to him in 1982, were still governor, he would be claiming credit for the state's success.) Dukakis has had some impact on *where* growth occurs in Massachusetts, by bringing development to poor communities. But his record is actually far stronger in welfare reform or housing development than in the economic arena.

Making It in Michigan

If we want to see a model Democratic program, Michigan provides a far better example. No state has suffered more from the transition to a postindustrial economy. Between 1978 and 1982, Michigan's auto industry eliminated 110,000 jobs, its steel industry 40,000. The manufacturing work force as a whole shrank by almost 25 percent. For four years running, Michigan had the highest unemployment rates of any state—peaking at over 17 percent.

Democratic Governor James Blanchard was elected in 1982 on a very simple platform: "Jobs, Jobs, Jobs." Soon after he took office, he announced a long list of typical Democratic programs: an infrastructure fund, a huge summer jobs program for youths, a small Conservation Corps for young welfare recipients. Desperate for solutions, he also embraced some typical Republican strategies: he cut small-business taxes, lowered unemployment taxes for new employees, reformed the state's securities laws to make it easier for companies to issue stock in Michigan, and rewrote a law that had given Michigan the reputation as the toughest state in the country in which to sell a franchise.

But Blanchard understood that none of the traditional solutions addressed Michigan's fundamental problem: the rapid erosion of its manufacturing base. After the initial flurry of activity, he decided to take a closer look at the state economy. He commissioned a careful study of Michigan's economy by a small group of economists and political scientists. Called *The Path to Prosperity*, it argued that a high-wage manufacturing state such as Michigan had three options. It could "get poor," letting wages fall so as to remain competitive with foreign manufacturers. It could "get out," shifting from manufacturing to services and information industries. Or it could "get smart," using new technologies to position itself back at the manufacturing frontier.

By "the manufacturing frontier," *The Path to Prosperity*'s authors meant automation: robots, machine vision systems, laser instruments, CAD/CAM systems, computerized machining centers, flexible manufacturing systems, and the like. They pointed out that two thirds of the nation's manufacturing assembly operations were located within 300 miles of Detroit, that Michigan already hosted over a third of the nation's major robot users, and that nine of the ten largest robot producers had operations in the state. With a boost from state government, they argued, Michigan could become the undisputed home of both the automated "factory of the future" and the hundreds of new companies producing technologies that went into it.

To achieve this goal, they explained, the state's manufacturers would have to go through a technological transformation; its entrepreneurs would have to bring hundreds of new

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technologies to market; its research universities would have to excel in engineering and industrial technology; its industries would have to pioneer new labor-management relationships; and its government would have to minimize the disruption caused by the transition from brawn to brains. Blanchard has focused his entire strategy on these five areas.

Blanchard was lucky. Thanks to two initiatives by his predecessor, moderate Republican William Milliken, he was able to hit the ground running. The first initiative allowed the state's public pension fund to invest five percent of its assets in venture capital. With one stroke, this gave Michigan $300 million to invest in venture capital (a sum that has grown to $800 million today)—perhaps the world's largest venture capital fund.

"In 1978, Michigan had about $6 million of resident venture capital," explains Ian Bund, one of the pioneers of venture capital in Michigan. "By the beginning of 1986, it had in excess of $300 million actually invested and at work." Bund and other venture capitalists credit this advance to the intervention of the state pension fund. "Would it have happened anyway?" asks David Brophy, a professor of finance at the University of Michigan's business school and the state's leading academic authority on venture capital. "I don't think so. In previous years, a lot of the venture capitalists in the country would fly over Michigan, would never think of looking here for deals. Public Act 55 [which created the state fund] was like bringing a sledgehammer down on a gong. It made a big noise, and a lot of people paid attention to it."

Among those who paid attention were prominent venture capitalists on both coasts. By mid-1987 the state had invested $290 million—roughly two-thirds of it in those private venture capital funds, one-third in start-up companies. When venture capitalists came to Michigan to solicit investments by the pension fund, Treasury officials showed them promising deals in the state. The result was an increased flow of private venture capital into Michigan. One of the big funds even decided to open an office in Michigan, while a second indicated plans to follow suit.

Skeptics might argue that private venture capitalists would have eventually discovered Michigan on their own. They may be right. But Treasury Secretary Robert Bowman, who runs the pension fund, argues that by speeding up the process, state government played a critical role: "I would argue that it's similar to justice: justice delayed is justice denied, and financing delayed, in an internationally competitive market, is a loss for the state of Michigan."

Venture capital will meet the needs of only a tiny sliver of Michigan's economy, the few start-up firms with technologies that are advanced enough to show promise of dramatic profits. Yet Michigan's banks are not the nation's most venturesome. Thus once the venture capital problem was solved, there remained a significant gap between venture capital and the banks.

"Venture capitalists want a 35 percent annual return on their money within four or five years, usually when the company goes public," explains Peter Plastrik, president of the Michigan Strategic Fund. "Not every company can do that, but those that can't are often still too risky to get bank loans. Other firms have real growth potential, but lack the zippy technology venture capitalists are fond of. Small businesses also have trouble getting capital because it's too much trouble for the banks. So we want to help the private sector create new lending vehicles for small business."

The Michigan Strategic Fund, which Blanchard created to fill those gaps, is probably the most sophisticated public finance agency in the country. Its fundamental purpose—like that of the Treasury's venture-capital strategy—is not to make public loans and investments, but to change *private sector* investment patterns.

Perhaps the simplest example is the Capital Access Program, which does nothing more than offer banks a carrot to set up insurance funds to cover losses in their riskier portfolios. If a bank will establish such a "Loan Loss Reserve," the state will contribute to it. In theory, the insurance fund will allow banks to

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make more loans to new businesses, small businesses, and other firms that would not qualify for a conventional bank loan. By mid-1987, forty-eight banks had agreed to participate.

A second Strategic Fund program offers state money to catalyze the formation of private seed funds, which provide very early venture capital. The Strategic Fund took applications from private venture capitalists, chose the four best proposals, and loaned each one two-million dollars at 9 percent interest to set up a seed fund. The loans do not have to be repaid until the funds are dissolved.

The Strategic Fund created a similar program to capitalize institutions that fit between venture funds and banks. These are Business and Industrial Development Corporations (BIDCOs), private financial institutions that make business loans but do not accept deposits. Because they are capitalized by private investors rather than depositors, BIDCOs can afford to take greater risks than banks.

The idea is to create an entirely new financial industry in Michigan. With two deals already sealed, Plastrik envisions perhaps twenty or twenty-five BIDCOs operating around the state. They would make a variety of business loans and investments. Often they would invest in tandem with banks, taking the riskier portion of the loan.

The Strategic Fund is investing up to two million dollars of equity in each BIDCO, while requiring that private investors come up with at least twice that much. As each BIDCO becomes successful, the Strategic Fund will sell its stock and back out. Plastrik is negotiating with one group of investors to create a BIDCO targeted at turning around mature manufacturing firms, with another to create a minority-owned BIDCO (which will be required to come up with less private capital than other BIDCOs).

The Strategic Fund has two other new programs, both of which are more traditional public investment operations. One is a Product Development Fund, similar to one pioneered by Connecticut; it will provide venture capital for new products and processes developed by established firms. The other is a Minority Business Loan Fund, which has made roughly $1.5 million in investments and provided a free consultant to each of the minority-owned businesses in which it has invested.

A second piece of Blanchard's strategy inherited from Milliken was a focus on advanced research institutes, to provide seedbeds for new industries. Milliken created two new research institutes, one in advanced manufacturing technologies, the other in biotechnology.

At least twenty other states have created similar institutions, many of them with the same name: "Centers of Excellence." Most have the same basic goal: to repeat, in new fields, what they believe MIT and Stanford did thirty years ago in computers and semiconductors. By cross-pollinating academic researchers and industry, they hope to spawn dozens of new ideas, new companies, and new approaches by older companies.

The most advanced of Michigan's new institutions is the Industrial Technology Institute (ITI), in Ann Arbor. ITI is a critical link in the state's strategy to target automated manufacturing. It is designed to help the Ann Arbor–to–Detroit corridor—already known as Automation Alley—reach critical mass as a national center of machine vision, robotics, and the other elements that go into the factory of the future. It is also designed to help Michigan's manufacturers adopt these new technologies and remain competitive.

ITI boasts a completely computerized model manufacturing facility. Its research staff helps businesses adopt and adapt automated manufacturing equipment; develop and refine their own state-of-the-art equipment; analyze new product designs to assess their manufacturability; and institute the more cooperative labor-management systems needed to get the most out of automated technologies.

Because ITI charges for its services, most of its clients are large manufacturers. In the shadows of these firms, however, lie nearly ten-thousand manufacturers with twenty or fewer employees, another five-thousand with five-hundred or fewer employees. These "foundation firms," as Blanchard administration officials call them, form a supply chain that makes it possible for industrial giants such as

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GM, Ford, and Chrysler to operate in Michigan.

With the auto makers pushing to cut costs and moving toward computer-integrated manufacturing and just-in-time delivery systems, suppliers who also use computerized production processes have a great advantage. Yet it is far more difficult for the small firm to automate. The process is expensive and time-consuming; it requires careful planning; and it requires that the work force be retrained to use the new machines. Few small business people have the time or capital necessary to accomplish this transformation.

While it built ITI to work with larger firms, the Blanchard administration created the Michigan Modernization Service (MMS) to help foundation firms. It began by contracting with a small group of consultants, most of them from the private sector, to help foundation firms install computer-based production technologies. These agents carefully assess the client firm, draw up a fifty to sixty page report recommending a plan of action, and refer them to private-sector consultants if necessary. MMS also contracts with "training associates" at community colleges, who draw up detailed training plans for the firms and help them apply to a small training fund set up by the administration.

This year the Blanchard administration added a marketing function within MMS (to help small firms enter export markets, for instance), and an Educational Services Program to provide workshops for managers, union leaders, and entrepreneurs on subjects such as new technologies, cost-benefit analysis, and so on. Finally, Blanchard has budgeted $500,000 for fiscal 1988 to develop a component within MMS that will help labor unions and small manufacturers understand and adopt cooperative labor-management systems. A related office will offer technical assistance to worker-owned firms, or to workers who are attempting to buy their companies.

As these developments suggest, Blanchard has changed his focus a bit in his second term, which began in January 1987. During his first term, he focused on financial capital and technology. Since January, he has turned his attention to "human capital" issues, such as job training, labor-management relations, and welfare reform. In all these areas, his administration is working to develop comprehensive new strategies. This reflects a growing realization, in both the public and private sectors, that our manufacturing problems have less to do with our use of capital and technology than with our use of people.

Activism and Moderation

The economic experiment unfolding in America's state capitols has little to do with the traditional liberal response to hard times, which is to prime the pump and create public-sector jobs. It has even less to do with the traditional conservative approach, in which government purports not to interfere with the workings of the "free market." The new activism respects the market, but recognizes that markets do not operate freely or perfectly. It flows from the bedrock assumption that government must intervene in the workings of the market—correcting flaws, changing rules, and altering the trajectory of private investment. That is the real lesson of the state government experience in the 1980s: government does indeed have a role, but the old role models are obsolete.

As a political package, the new approach marries economic activism to fiscal moderation. It offers voters a government that does more without necessarily spending more or creating new bureaucracies. This marriage has been extremely successful. Blanchard, Dukakis, and Clinton were all reelected by two-to-one margins, or better. The easy explanation—that good economic times helped incumbents—is not enough. Dukakis clearly benefited from a booming economy and only token Republican opposition. But in Michigan, although things were improving, unemployment remained above eight percent. In Arkansas, Clinton won despite an economy that had slipped back into recession (as much of the farm and manufacturing belt had by 1986), against a Republican candidate who had once defeated him.

Clinton and Blanchard and Dukakis argue that they owe much of their success to a sharp break with the traditional liberalism of their national party, caricatured by Reagan as the

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politics of "tax and spend, tax and spend." When asked to describe what makes them different, they talk about the same things: their public commitment to economic growth; their fiscal moderation; their independence from the party's "special-interest" groups; their nonbureaucratic approach to problems; and their efficient management of government.

While Washington has been locked in a stalemate over budget deficits, they argue, they have spent the last decade adjusting to the realities of the 1980s. "Washington has a way of dealing with yesterday's issues," says Blanchard, who served in Congress for eight years. "If you are a U.S. Senator, you can give an ideological response to a serious problem and probably never be held accountable for it. Whereas the governors are dealing with the real world—they have to run things, to make them work."

The media have generally interpreted the success of Democratic governors in the age of Reagan as a result of more moderate politics. But although the Blanchards and Clintons and Dukakises have moved right on some issues, they have moved left on others. More important, they are concentrating on different issues than those that formerly defined a liberal or a conservative. What we are seeing is not centrism, but the emergence of a new political paradigm—a new ideological framework within which the two parties will compete during the postindustrial era.

If traditional liberalism can be described in a nutshell, its defining characteristic would be the impulse to respond to every problem with a new government program that called for increased public spending. If Reagan conservatism can be described in a nutshell, its defining characteristic would be the impulse to blame government for every problem and to urge its removal. If the thesis was government as solution and the antithesis was government as problem, we are now witnessing the emergence of a synthesis: government as partner, brokering private-sector solutions without necessarily spending taxpayers' money. If the central question of the past twenty-five years has been how much government should spend—or cut—to solve society's problems, the central question today is how government can change private investment decisions to solve problems.

The new paradigm does have its left and its right; they are simply defined by different issues than those of yesterday. Rather than defining themselves by the size of their spending proposals, for instance, the new Democrats differ over how aggressive government should be in reshaping the marketplace. Those on the left want to actively plan patterns of economic growth, while moderates try simply to eliminate flaws in the marketplace. In the process, some protect the interests of bankers and businesspeople, others put the poor and disadvantaged first.

Some observers have suggested that many of today's governors are simply reruns of Jimmy Carter. Carter was a fiscal moderate who rejected the notion that government bureaucracies could solve all of our problems. But Carter emerged on the national scene so early that he embodied only the negative side of the new politics. He knew what he was against: Washington, taxes, and bureaucrats. He was far less sure what he was for, particularly in the economic arena. It was not until Jerry Brown began to talk about "reindustrializing" America and threatened to run for president in 1980 that the Carter administration even addressed the issue of economic competitiveness.

Other observers assume that the Democratic governors are simply "neoliberals." But the term "neoliberal" emerged too early, and has been associated too closely with national issues, to capture what is happening at the state level. To equate the Democratic governors with neoliberalism is to mistake a paradigm for a popular position within the paradigm. Dukakis, Clinton, and Blanchard are all acting within the new paradigm, but none could accurately be called a neoliberal. Most neoliberals do not, for instance, advocate active government intervention in the marketplace with public capital—a central strategy of the Dukakis and Blanchard administrations.

The neoliberal label also excludes Republicans such as Thornburgh and Kean, who are clearly on the new paradigm. These Republicans, like their Democratic counterparts, understand that they are in a race for the political

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high ground. "Today you have Democrats running around the country talking about economic growth and the virtues of the free enterprise systems and the need to balance budgets and reduce deficits," says Thornburgh, the Pennsylvania ex-governor who considered running for the Republican presidential nomination. "These are sound Republican principles. What an irony it would be if, by preoccupation with all these sideshow issues (the gold standard, New Right social issues), we were to let shrewd, competent Democrats come in and steal that birthright of the Republican Party."

Bruce Babbitt, the Arizona ex-governor who is running for the Democratic nomination, sees the same threat from the other side. "There are some disquieting signs," he warns, "that the Republicans will succeed in stealing our clothes while we are in the swimming hole."

Despite Thornburgh's argument, the Democrats have the advantage, because they believe in government. The Republicans, particularly with Reaganism ascendant, are not so sure. But the Democrats do face one significant obstacle: the hostility of their traditional have-not constituencies—minorities, the poor, and blue-collar workers—to those who advocate new directions. This problem emerged full force in 1984, when deep chasms separated the Hart, Mondale, and Jackson constituencies.

Part of the problem is style, and could be overcome by the right candidate. But part of it goes deeper: policies designed to speed up an economic transition from traditional manufacturing to new technologies are irrelevant to the Jackson constituency, and threatening to the Mondale constituency.

A Common Agenda

In the search to unite these groups, recent experience suggests that share-the-wealth, anti-big-business populism is not the answer. There are simply no significant constituencies demanding such policies. Even mildly antibusiness politics in the first Dukakis administration, and again under New Mexico's Toney Anaya from 1983 to 1987, led to rejection by the electorate. Big business in America is no longer viewed as all-powerful; it is more often seen as bloodied by foreign competition and in need of all the help it can get. The voters' antiestablishment sentiments in the 1980s have been aimed at government, not business. Their aspirations are for greater opportunity, not a redistribution of wealth.

Rather than attacking big business, the Democrats need to create a second agenda, parallel to their economic competitiveness agenda, designed explicitly to bring the poor and dislocated into the growth process—to create greater opportunity. This would involve a major emphasis on job training, on welfare reform, on housing and community development, and on the development of businesses in poor communities and depressed industrial regions.

This kind of agenda has been a key to Dukakis's political success. Though he lacks the inspirational quality we often associate with advocates of the disadvantaged, Dukakis has pleased Massachusetts's labor movement and minority communities by working to create jobs in depressed areas, to train welfare recipients for jobs, and to develop low-income housing. Meanwhile his economic development agenda has mollified many of his former critics in the business community.

Both parts of this package depend on each other. Without the emphasis on the poor and dislocated, Dukakis would appear to many voters to have sold out to business; hence they would not support his economic development agenda. Without the economic development agenda, he would appear to be a traditional liberal who cared only to redistribute the wealth. But with both agendas, he has built a coalition that takes in virtually every demographic group in the state. Admittedly, this is relatively easy in a state where per capita income has increased by 75 percent in seven years. But if Dukakis can do it, imagine what an inspirational candidate—a Cuomo or a Clinton—could do.

When the new paradigm reaches the national level, the translation will not be direct. The New Deal drew on state programs, but it also focused on a range of national economic problems the states had been powerless to

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address. In similar fashion, a new national agenda would not replicate successful state programs as much as it would use the same approaches to tackle national problems. The state programs have largely been focused on problems that differ widely from one regional economy to another: the nature of local capital markets; the degree of interaction between local universities and business; the needs of local manufacturers. Because the solutions differ from Boston to Detroit, Pittsburgh to Little Rock, these programs should remain at the state level; the federal role is to make funds available so poorer states can afford them, and to create incentives for states to create them and operate them efficiently.

Other problems are truly national in scope, and thus beyond the reach of state governments. These include foreign trade, the international financial system, the future of national industries (whether steel or semiconductors), the nature of our national capital markets, and the quality of our basic research. There would be some overlap with state programs, but the next Democratic president should focus primarily on these national problems. He should take from the state-level experiments not a specific agenda, but a basic method: intervention in the marketplace, rather than construction of public bureaucracies to spend public money.

When this happens, the symbolism will not reflect the language of the left. Dukakis and Blanchard and Clinton talk about public-private partnerships and nonbureaucratic solutions to problems, not about using government's powers to change private investment decisions. When a Democratic president embraces the new paradigm, we will be far more likely to hear about a "New Partnership" than about "Economic Democracy." But the content will be surprisingly similar. And if it is a better society we want—rather than political vindication—the content is what counts. □

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BAYARD RUSTIN

I was privileged to be Bayard's friend for over forty-five years and a colleague for the past twenty-three. I would like to try to give some sense of what made Bayard—not his activities, not his achievements, not his politics—these have all been covered at length in the media, especially since his sudden death.

Bayard was born illegitimate, black, in modest circumstances. He became a communist in the 1930s, then renounced that for pacifism and democratic socialism, was a homosexual, and was imprisoned (the first time of many) for refusing to register for the draft in World War II. He never earned an undergraduate degree. Despite this history, he was awarded more than a dozen honorary doctorates, including a number from our most prestigious universities, and received many honors from many organizations. How come?

Bayard's Quaker grandmother was clearly a dominant influence on him. An active leader of the NAACP, she instilled in him certain values and convictions—pacifism, integrity, commitment to what one believes to be true, and the certainty that every human being is worthy of respect and dignity. These values were reinforced by men he was able to meet and/or work with, most notably Mahatma Gandhi and A. Philip Randolph. Both left indelible imprints.

What made Bayard the uniquely effective person who earned that acclaim was his ability to combine those values with his native talents and use them vividly in thought and action. For Bayard was that rare combination, thinker and activist. He blended his special abilities as an

organizer in command of every detail with his intellectual strengths as an analyst, strategist, and tactician. To that must be added that he was a magnificent public speaker. Furthermore, Bayard was a leader and knew that his responsibility was to open new paths and help shape the popular view, not to accede to it unless he believed it was correct. So Bayard never hesitated to espouse causes he knew would not sit well with his colleagues, or the public.

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He had a fine tenor voice, a great sense of and appreciation for the theater, and a sound knowledge of music, primarily classical. He was well-versed in history, especially black and American history, and could use that knowledge to good advantage in discussion and debate. He was superb in meetings and would almost inevitably come up with the resolution that struck everyone as clear, precise, apt, and workable. His presence made the difference.

In my opinion, his essential qualities, the sources that fueled his activities, were his love of life and his compassion and ability to empathize with every individual suffering human being. He gave great energy to the struggle against apartheid and to the cause of refugees, whether from Afghanistan or Cambodia, from El Salvador or Chile. He saw each as a person. He felt that same compassion for the homeless here in New York, never ceasing to be outraged by a society that permitted such a condition. Nor could he pass a beggar without giving him a coin. That compassion, that capacity for empathy, that ability to show love and affection to those close to him, were hallmarks of his personality, and, I believe, a foundation of his greatness.

At the memorial service someone remarked that Bayard's death marked the end of an era—meaning that he was the last of the great civil rights leaders of the 1960s. That may be, but I believe that another era has also ended. Those of us in Bayard's generation who wanted to work for a better society had American heroes who were our role models and who influenced our outlook, our actions, and our choices of careers. We had Gene Debs, Norman Thomas (Bayard and I also had his brother, Evan), Roger Baldwin, A.J. Muste, Max Shachtman, and, of course, Mr. Randolph. These men influenced our view of the world. I witnessed many occasions when younger people came up to Bayard and told him how he had affected their lives. Who is now left to serve that function?

CHARLES BLOOMSTEIN □

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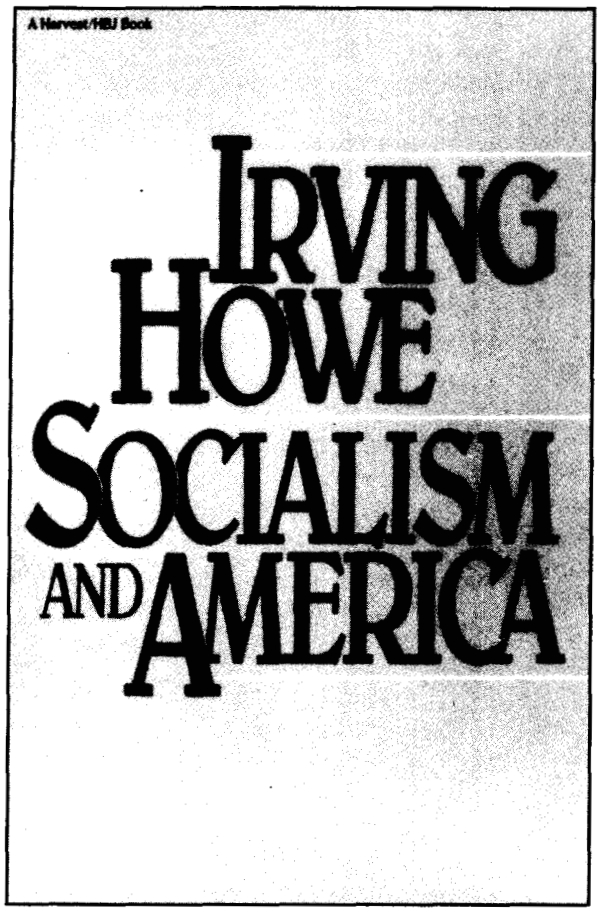

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A Defense of Libertarianism

Editors:

Stephen Newman's piece on libertarianism ["The Chimeras of Libertarianism," *Dissent,* Summer 1987] prompts me to make the following points.

The central point to be made in favor of a system with a free market is that it is the best reflection in institutional arrangements of the human condition. It is not an ideal arrangement, but ideal renditions—e.g., Plato's *Republic*—distort human life. The market, instead, is more akin to actual people than to mannequins, or to actual marriages rather than to the stuff of Harlequin romances.

The free market reflects what one would expect of the make-up of free men and women. Horses can be trained, dogs regimented up to a point, but persons—who are distinctive by virtue of their capacity for self-motivation—are going to be largely subject to the multifariousness embodied in human existence. Any effort to coerce us to be perfect is most likely going to land us in some worse trouble than what we face naturally, based on our assets and liabilities.

Does this apply to every area of life? Should we not leave some crucial decisions—apart from keeping the peace—as to what we ought to do to the state, whether democratic or elitist?

Both those on the left and those on the right think that some regimentation of people is needed—the left wants government to make sure no one lives too ambitiously, greedily, the right wants it to ensure no one lives too naughtily, irreverently.

Libertarians disagree and are therefore dismissed as utopians. But actually the utopians are those who rely on such regimentation for purposes of reaching their impossible goals—on the left full economic equality, and on the right total spiritual fulfillment.

Politicians, bureaucrats, the police, etc., are no less subject to vices (or virtues) than the rest of us involved in commerce, education, and other areas those on the political right or the left wish to subject to more extensive government regimentation.

Admittedly, the free-market economists overstate the case when they claim that bureaucrats are as much motivated by greed as are people who are professionally committed to that pursuit, merchants, executives, advertisers, and the lot. Greed may not be their undoing. But greed is not the only vice that can upset our ideals. Pride, jealousy, envy, intemperance, imprudence, lust for power, and the rest of the vices that we can succumb to are no less capable of intruding upon our lives with extremely damaging consequences.

To believe that, somehow, if the market produces certain failures the politicians can remedy them is to believe that political life hasn't its own pitfalls, that the dynamics of politics or bureaucracy are less susceptible to corruption than are the dynamics of commerce. Libertarianism argues that limiting the scope of authority of as powerful and well armed an institution as government is the most prudent way to ensure the greatest degree of justice in human societies.

TIBOR R. MACHAN
Professor of Philosophy
Auburn University, Ala.

STEPHEN NEWMAN Replies:

Professor Machan's letter serves to illustrate the ideological blinders typically worn by dedicated libertarians. He assumes that only the state is a serious threat to freedom, and that power is magically banished from the marketplace once government bureaucrats are made to withdraw. But surely corporate bureaucracies impose their own institutional regime on formally "free" men and women, and the abuse of private power is every bit as terrible as the misuse of public office. The choice is not between an unregulated market and the political road to serfdom, as Machan would have us believe; rather, our choice is between an inegalitarian politics of the market and the egalitarian politics of democracy. Machan seems not to understand either very well. □

Untruthful Remarks

Editors:

I deplore Alfred Kazin's untruthful remarks about my friend Alexander Cockburn ["They Made It!" *Dissent,* Fall 1987]. It was despicable of him to write that Mr. Cockburn is a "Jew-hater," and disgraceful of you to print it.

BEN SONNENBERG
Editor, *Grand Street*

Venomous Ignorance

Editors:

It is seldom agreeable to be likened to the John Birchers, but when the accusation comes from Alfred Kazin, in your

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Fall 1987 issue, it fills one with a warm glow of achievement: Kazin has smoked himself out again!

I never agreed with Sidney Hook's characterization of Kazin as a "crafty opportunist": nor is any craftiness shown in Kazin's piece, merely a deep ignorance heavily coated with venom.

His miscomprehension of my article on the Pope (*Midstream,* May 1985) seems well-nigh total, culminating in an actually libelous charge that I called the Pope a Communist.

Kazin seems also to have misunderstood three books of mine (on Jesus, Paul, and Trotsky) that he does me the honor of referring to, again, however, with the false charge that they display my penchant for "conspiracy theories."

What my article on the Pope showed was *not* that he was, personally, a Communist or Marxist—who can know what he, personally, thinks?—but that he was obliged to waver between contending forces in the Church.

For two decades the major force upsetting the traditional Roman Church has been Marxism in one form or another: great orders in the Church—the Jesuits, the Dominicans, the Franciscans, and, of course, the Liberation Theologians, have mounted a stupendous movement for social change along avowedly "Marxist" lines.

My article consisted entirely of quotations: I now know that it was, if anything, embarrassingly skimpy: things are *far* more advanced.

It's true that the Pope criticized, mildly, some aspects of Liberation Theology on his first trip to Latin America four years ago. By his second trip, however, he had adopted the entire vocabulary of Liberation Theology.

On April 2 of this year, millions of people, including myself, heard him, in Chile, saying to a woman who had been scarred that she "must go on fighting for her people's freedom."

For a Pope, in a civil war situation to which he had been invited by the Pinochet regime, and in which his presence formed a shield for the vast demonstrations stage-managed by the Communist underground, to express himself with the formula of the "people's freedom" is alone enough to make mincemeat of Kazin's arrogant know-nothingism.

Kazin's assumption that the "abysmal misery" in Latin America calls for cooperation not with the productive potential of Western industrial democracy but with the regimentation of Soviet totalitarianism, restores the nostalgia of the grand old days of the 1930s, when the historically matchless slaughters of the Bolshevik regime were defended by dupes, fools, knaves, and opportunists Kazin felt at home amongst.

Kazin's personal charm has always consisted of the explosive expression of a genuine emotion: in this article of his, the emotion, whatever it was, has been channeled into mindless malice, perhaps vis-à-vis the "right," as though old-line Stalinists could make their own position some sort of center enabling them to call anyone who believes in democratic freedoms and is against totalitarian ferocity and stupidity an "extreme rightist."

To say I believe in conspiracy theories may be too silly for further comment: but I must insist on his retracting the statement that I called the Pope a Communist, especially since the only remark I made about the Pope as a person was that he could *not* be a Marxist.

JOEL CARMICHAEL
Editor, *Midstream*

ALFRED KAZIN Replies:

"They Made It!," the pages from my private notebooks on life in this fair city, were directed essentially at the Jewish (and mostly ex-left) right-wing extremists who have made so much noise in the Reagan era. A particularly mad, bad example of such extremism appeared in *Midstream* (May 1985) by its editor, Joel Carmichael: "The Kingdom of God And The K.G.B."

Carmichael states that "the Pope's disclaimers of solidarity with the Liberation Theologians are questions of tact rather than of substance." In expressing the "special solidarity" felt by the Church for all those who "suffer persecution for the cause of justice" the Pope's "formulation" is that of "activists linked to revolutionary upheavals." "The Pope's incursion into political agitation" leads Carmichael to say that the Pope "had accepted, despite verbal disclaimers, the primary contention of the primitive Marxists and of Third World spokesmen." Thus "His conservative profile as a Catholic theologian requires the elimination of any suspicion of complicity with the Soviet executive." Therefore "From that point of view, the K.G.B. professionally arranged an unprofessional-looking assassination, designed to establish in the minds of multitudes a primordial, would-be fact—the 'natural' hostility between the Kremlin and the Vatican."

Carmichael's article "horrified" Dr. Arthur Hertzberg, who as a member of the editorial board of *Midstream* protested that "Anyone who writes this is the Jewish equivalent of the kind of Gentile who can believe in the Protocols of the Elders of Zion." Since Carmichael cannot deny that I quoted him literally and correctly, he offers personal insults and of course suggests that my social views must be Stalinist.

No, Alexander Cockburn is not a "Jew-hater," but I am certainly a Cockburn-hater. For many years now I have been unable to read him, first in the *Village Voice* and then in the *Nation,* without muttering to myself "Philby-McLeanBurgess." He is a snotty upper-class British leftist (to put it politely) whose condescension to democracy and approval of Kremlin despots *of course* calls for habitual jabs at Jewish critics *and victims* of Soviet tyranny. For some reason Cockburn's Jewish editors and colleagues on the *Village Voice* were always taking offense. When he finally left the *Voice* to go to the *Nation* after he was exposed by the Boston *Phoenix* as having accepted a $10,000 grant from an Arab group (paid by Iraq) to write a book about Israel in Lebanon, he seemed astonished at the uproar. When Anatoly Shcharansky was on trial in Russia for "espionage," Cockburn managed, virtually alone in the United States, to suggest that the Jewish defendant *was* guilty and that President Carter was lying when he denied that Shcharansky had been employed by the U.S. And how did Cockburn put it (*Village Voice,* July 24, 1978)?

There are still enigmas in the trial. The prosecutors do

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not seem to have made much, publicly, of the fact that someone recruited by the C.I.A., though in fact working for the K.G.B., had been in contact with Shcharansky, and thus Carter's denials were disingenuous. What were the secret negotiations carried forward between Washington and the Kremlin, apropos Shcharansky? How many hands had a part in the script? Is a deal still to unfold?

When Paul Berman in a notable *Voice* article exposed Noam Chomsky's virtual defense of the leading French "revisionist" of the Holocaust—the issue was just the murder of six million Jews—Cockburn accused him of "pandering to certain groups." And after all, Cockburn soothed his readers, "In Western Europe anti-Semitism is not the socially sanctioned form of bigotry it once was. For a *decade* [sic] the Catholic Church has been on record as opposing it." When poor Leon Klinghoffer was murdered in his wheelchair and thrown into the ocean by Arab terrorists, Cockburn palliated this too (*Nation,* November 2, 1985). Leon Klinghoffer, "awful though his end may have been, was the only known victim of terrorism in the fall of 1985."

Editorial Note:

In addition to the above letters, answered by Mr. Kazin, we have received an oral complaint from Professor James Tuttleton regarding Mr. Kazin's remark that Professor Tuttleton (not named but clearly identifiable) has "private reasons for snapping at Jews." Professor Tuttleton strongly denied Mr. Kazin's charge. I told Mr. Tuttleton that, in my opinion, the *Dissent* editors had been negligent in not checking charges of such a nature with their author before sending the article to the printer; and that we apologized for this negligence.

I also told Professor Tuttleton that if he sent a letter to *Dissent* voicing his complaint we would of course print it—in which case Mr. Kazin would have had an opportunity to reply. Professor Tuttleton has chosen not to send a letter. Instead, he told me, he would comment in an issue of the neoconservative journal the *New Criterion* which has, however, not appeared as this issue of *Dissent* is being completed.

—I.H.

In Praise of New York

Editors:

When I saw the advertisements for the special "In Search of New York" issue of *Dissent,* I thought: "Oh boy. More New York narcissism."

When my copy finally arrived in the mail, I beheld it and said: "Oh Boy!" It IS beautiful. The Fall 1987 issue is easily the most graphically exciting issue in the past dozen years.

And the contents? Well, I'm still working my way through it. If it's narcissism, it reminds me of a person I once met who could only speak about herself. But she did it so artfully that I didn't mind. Certainly New York has lessons for other cities, but we should be cautious about assuming just what those lessons are. Generalizations need to be tested. . .

Keep up the good work. Congrats to Jim Sleeper for an impressive effort.

Robert Roman
Chicago, Ill. □

On Castro's Cuba

Editors:

In your Summer 1987 issue Joe Clark purportedly reviews two books on Cuba, Tad Szulc's *Fidel* and Armando Valladares's prison memoirs ("Castro's Cuba: Lost Illusions").

Clark's piece seems less concerned with these books than with discussing recent speeches in which Castro levels mordant self-criticism at the economic failures of Cuban society and lashes his compatriots for not responding more productively to moral incentives. What emerges from Clark's review is a devastating picture of economic failure and decay, and of brutal political repression—a society confronting disaster with no redeeming feature.

While the repression Clark describes follows Valladares's book, the generally dismal picture he draws of Cuban society is strangely at odds with various claims advanced by Szulc, a respected veteran journalist who spent many months in Havana interviewing Castro in depth, as well as scores of his long-time associates and friends in Cuba, and specialists on Cuba in the U.S.

How could Clark have disregarded Szulc's testimony that Castro is "still the enormously popular (and even loved) leader of an extremely volatile nation"? And how reconcile this fact, often noted by visiting journalists, with the bleak picture of Cuban life drawn by Clark?

Szulc writes that his book is intended as a portrait of Castro and not as a revolutionary history, hence avoids in-depth discussion of the revolution's achievements and problems. Yet he does tell us that the "revolution bestowed on Cuba extraordinary gifts of social justice and equality, advances in public health and education and an equitable distribution of the national wealth. . . ." He credits the revolution further with "immeasurably improving the human condition of millions of Cubans." Castro "sees to it that in Cuba all children are healthy and clean and well-educated. . . . It is a great accomplishment in any society, underdeveloped and industrial. . . . No Third World country approaches Cuban standards in the area of a decent life. None have a higher doctor-population ratio than Cuba or a greater longevity expectation at birth."

Close confirmation of these claims comes from a startling source—a U.S. Commerce Department agency report in 1982 (the age of Reagan) prepared for the Joint Economic Committee of Congress. An introduction states that "the Cuban revolution has managed social achievements, especially in education and health, that are highly respected in the Third World." It lists a "highly equitable" income distribution, "virtually wiping out malnutrition"; a health care system rivaling "numerous developed coun-

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tries"; near-total elimination of illiteracy and a "highly developed multilateral education system"; and "a well-motivated population."

The report also confirms much of Clark's criticism, lambasting Castro for burdening Cuba with a "highly inefficient political and economic management system" modeled after the Soviet.

Szulc also has much to say that is negative about Castro's rule. Though his personal popularity "remains high," a segment of Cubans views Castro "as a ruthless and cunning dictator, a cynical betrayer of liberal democracy in whose name he first rallied millions of Cubans . . . a servile satellite of the Soviet Union, the idolized object of a personality cult . . . and a cavalier creator and perpetrator of fundamental economic policy errors at home." Castro's "desire for absolute authority has withheld decision-making powers from his subordinates, and careful responsible management of the country and its economy remains Cuba's desperate need—to the point where the long-term success of the revolution is at issue."

I do not here challenge Clark, an old friend and former colleague, in his critique of Castro's repressive practices and economic failings. The repression merits condemnation where it stretches beyond the requirements of protection from the relentless CIA efforts to cripple and destroy. And Castro's arbitrary methods of rule, which he himself condemned in the past, are no contribution to revolutionary success. But to deal only with these and to suppress the historic positive side of the Cuban revolution, that which makes it outstanding, is unconscionable distortion.

It also renders Cuban society inexplicable. Szulc tells us, for instance, that Cuba has a highly trained reserve of more than a million armed personnel. If conditions are as Clark describes them, how explain that no popular uprisings ever take place, that no one hears of significant defections among the tens of thousands of troops who go abroad annually and the many thousands of volunteer doctors, teachers, and technicians working as civilians in some twenty-five Third-World countries? What ruler who has reason to fear his people would arm them?

Both the positive and the negative of Cuban society present enough that is unique to merit study by American socialists.

Max Gordon
Boca Raton, Fla. □

Joseph Clark Replies:

Max Gordon is right about one thing, I did not write a book review of the Szulc and Valladares books. I wrote an article on Cuba, drawing mainly on Castro's speeches for source material. The two books were cited mainly as witness to the deplorable decline of the Cuban economy and the continued barbaric suppression of human rights. That the editors converted my article into a book review is of small moment and hardly affects the two matters at hand: that Soviet-style economics (now deplored even by the Soviet leadership) has wreaked havoc in Cuba; and that torture and deprivation of human rights are the earmarks of the Cuban penal system and its Soviet-controlled secret police.

Perhaps a personal anecdote will make it clear why I am reluctant to cite Communist kindergartens and child care in order to present a "balanced picture" of what the Communists have wrought. Some years ago I was at a health resort in the Soviet Union, some eighty miles from Moscow. There I met a group of young people from all over the world, mainly children of Communist leaders. They had all been beneficiaries of a Soviet child-care institute—a "Childrens Home." After an animated discussion a hush fell on the group as one of the young people asked, "Have you heard what happened to Comrade X?" The comrade in question was a leader of the Vietnamese Communist party. His daughter was an alumna of the Soviet child-care system. But word had just come of a political purge and her father had been executed for his political deviations! It has been difficult ever since to think about Communist kindergartens without the image of the young girl intruding; she had indeed benefited from Soviet child care, but the price was losing her father.

Had I written a review of the Szulc book I would have noted the extraordinary contradictions between his "positive" assertions about Castro and Cuba and the devastating rebuttal he himself offers. Perhaps the main example of this ambivalence (not balance!) is his statement early in the book that "Fidel represents the values of honesty, political legality, and social justice. . . ." But the entire book is devoted to refuting that assertion! Szulc lays to rest the myths about Castro and Communism, noting that he deliberately lied to the Cuban people and lied to the members of his own movement and of the Communist party, when he set up a Communist dictatorship. As to legality, Szulc shows that Castro is an absolute dictator in all matters and that even his succession has been decided—with his brother taking over when he dies. And dissenters are recipients of jail terms where torture is the preferred treatment of those who refuse to accept Castro's view of the world.

Max Gordon mentions the Valladares book. How can he read this book without concluding that any system, any regime, any man who sponsors that kind of barbarism in the twentieth century has earned a place in the Valhalla where Stalin now abides? Perhaps that's why he doesn't quote from Valladares. □

To Letter Writers

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CUMULATIVE INDEX 1986–1987

Volume 33: 1–128, Winter 1986; 129–256, Spring 1986; 257–384, Summer 1986; 385–528, Fall 1986.

Volume 34: 1–128, Winter 1987; 129–272, Spring 1987; 273–400, Summer 1987; 401–640, Fall 1987.

INDEX BY TITLE

The Advantages of Being Atomized: How Hungarian Peasants Coped With Collectivization
—Istvan Rev ..... 34 : 335

AIDS Crisis: The Sorrow of the City
—Anthony Borden ..... 34 : 561

AIFLD's Salvadoran Labor Wars: A Painful Record of Political Arm-Twisting
—J. Michael Luhan ..... 33 : 340

American Psychoanalysts and Homosexuality
—Edouard Roditi ..... 33 : 369

And Now, the Political Consequences?
—Thomas Byrne Edsall ..... 34 : 140

Anemia in Academe
—Israel Kugler ..... 33 : 106

The Anti-Imperialism of Fools
—Paul Berman ..... 34 : 102

Are There Solutions? Corruption, Cynicism, and Reform Proposals (a discussion)
—Angelo Falcón, Dan Feldman, Nathan Glazer, John Jeffries, Daniel McCarthy, Ruth Messinger, Jan Rosenberg, Fred Siegel, Sol Stern, David Tobis, and Don Wycliff . 34 : 628

Argentina Today: The Cultural Mood
—Juan E. Corradi ..... 34 : 23

Arms Control: Reality and Mirage
—Gordon Adams ..... 33 : 396

The Banker's Red Suspenders: Looking at Yuppie Anti-Yuppie Magazines (Manhattan, Inc. *and* Spy)
—Brian Morton ..... 34 : 574

Better NED Than Dead?
—Jefferson Morley ..... 33 : 146

Beyond Nuclear Deterrence
—Denis Healey ..... 33 : 304

Bits of Light in a Gray World: Cultural Life in the Soviet Union
—Roy Medvedev ..... 34 : 46

Black Politics in South Africa
—Joseph M. Schwartz ..... 33 : 5

Blacks & White Liberals—a New Relationship
—Peter Connolly ..... 34 : 16

Boodling, Bigotry, and Cosmospolitanism: The Transformation of a Civic Culture
—Jim Sleeper ..... 34 : 413

Boom and Bust With Ed Koch
—Jim Sleeper ..... 34 : 437

Brazil—Between Rock and Ocean
—Linda A. Rabben ..... 34 : 284

Bread & Roses, Crusts & Thorns: The Troubled Story of 1199
—Leon Fink ..... 33 : 179

A Calmer Mood in Israel
—Jonathan Frankel ..... 33 : 277

Canada's Democratic Left Inches Ahead
—Desmond Morton ..... 34 : 27

Can Steel Be Saved?
—David Bensman and Roberta Lynch .... 34 : 93

Can Welfare States Survive in the Global Economy?
—John Logue ..... 33 : 351

A Case for Market Socialism: What Does It Mean? Why Should We Favor It?
—David Miller & Saul Estrin ..... 34 : 359

The Case of the Legless Veteran
—Harvey Klehr ..... 33 : 104

A Cheer for the Constitution
—Joanne Barkan ..... 34 : 138

The Chimeras of "Libertarianism": What's Behind This Political Movement?
—Stephen L. Newman ..... 34 : 308

China: A Specter is Haunting Communism
—Joseph Clark ..... 34 : 146

China at Bloomingdale's and the Met: Vreeland's Allure & Reagan's Political Culture
—Debora Silverman ..... 33 : 426

The City's "New Immigrants"
—Philip Kasinitz ..... 34 : 497

Civil Society: Moments of Vividness & Promise
—Paula Fox ..... 34 : 593

Contragate: the Swill of Empire
—David Bromwich ..... 34 : 133

The Corporate Raiders: New Light on Corporate Ownership vs. Control
—Ernest Erber ..... 33 : 193

The Craze for "Privatization"
—Robert Lekachman ..... 34 : 302

Culture and the Neoconservatives
—Oliver Conant ..... 34 : 241

Cumulative Index 1984–1985 ..... 33 : 250

Daring Voices in Soviet Films
—Josephine Woll ..... 34 : 159

Dave the Slasher & Cap the Knife: Happy Memories of Life in Gipper's Gang
—Bernard Rosenberg ..... 33 : 437

Dealing with the Nuclear Threat (an exchange)
—Erazim Kohák, Jean L. Cohen, Michael J. Sandel, and George Kateb ..... 33 : 357

The Debt Balloon
—Robert Lekachman ..... 33 : 135

The Decay of Reform
—John Mollenkopf ..... 34 : 492

The Decline of Public Health Care
—Brian Morton ..... 33 : 269

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

INDEX

Disastrous Job Losses in Michigan
—Marc Baldwin ..... 34 : 151
A Disciple
—Primo Levi ..... 33 : 24
Economese—or the Misplaced Nominative
—Samuel Hux ..... 33 : 102
El Salvador Unions—The Real Story
—David Jessup and reply by J. Michael Luhan ..... 33 : 514
An Enduring Republican Majority?
—Thomas B. Edsall ..... 33 : 16
The Epidemic of Homelessness
—Patricia Cayo Sexton ..... 33 : 137
The Face of Downtown: Strokes for a Portrait
—Paul Berman ..... 34 : 569
Fair Trade and the Marketplace of Ideas
—Louis F. Cooper ..... 34 : 379
The Fall and Rise of Public Space: A Postcapitalist Prospect
—Michael Rustin ..... 33 : 486
Fascists, Hustlers & Dupes
—Irving Howe ..... 33 : 261
The Female Body and the Male Mind: Reconsidering Simone de Beauvoir
—Elaine Hoffman Baruch ..... 34 : 351
Forward to Europe: A Declaration for a New European Left
—Peter Glotz ..... 33 : 327
Glee
—Robert Lekachman ..... 34 : 134
Good Schools Are Still Possible, But . . .
—Deborah Meier ..... 34 : 543
Hard Times for the Women's Movement
—Jan Rosenberg ..... 33 : 401
A Holiday Inn of Bourgeois Virtue: Irving Kristol and the Spirit of Capitalism
—Mitchell Cohen ..... 33 : 205
Howard Beach—Anatomy of a Lynching: New York Racism in the 1980s
—Nicolaus Mills ..... 34 : 479
Howard Beach: Black Leaders, White Liberals
—Jim Sleeper ..... 34 : 152
How Far Can Gorbachev Go?
—Seweryn Bialer (with comment by Lewis Coser) ..... 34 : 188
Individuals and Autonomists: 1970s Group Theater, 1980s Performance Art
—Ellen Levy ..... 34 : 585
In the Country of the Other: A Journey Back to the North Bronx
—Leonard Kriegel ..... 34 : 617
In the Magazines
—Brian Morton ..... 34 : 110
In the Magazines
—Brian Morton ..... 34 : 256
In the Magazines
—Brian Morton ..... 34 : 387
In the Magazines
—Mark Levinson ..... 34 : 112
In the Magazines
—Mark Levinson ..... 34 : 258
In the Magazines
—Peter Mandler ..... 34 : 388
Intriguing in the Philippines: Can the Aquino Regime Bring Stable Democracy?
—Philip Bronstein ..... 33 : 505
Is It Still a Union Town?
—Michael Oreskes ..... 34 : 486
The Italian CP Debates Its Future
—Joanne Barkan ..... 33 : 149
Jacek Kurón on the Present Situation
—Lucy Komisar ..... 33 : 220
Jesse Jackson and Black Politics: What Is His True Role in American Politics?
—Martin Kilson ..... 34 : 212
"Julia"—and Muriel Gardiner
—David Garrard Lowe ..... 33 : 367
KOR: Ethics of a Movement
—Jan Jósef Lipski ..... 33 : 20
Labor's "Vatican II": In Search of New Goals, New Methods
—Gus Tyler ..... 33 : 495
Liberalism and the Crisis of Authority (discussion)
—Daniel Bell, Walter Dean Burnham, and Michael Sandel ..... 34 : 202
Life and Games in the West Bronx
—Rosalyn Drexler ..... 34 : 622
Long Ago and Far Away
—Theodore Draper ..... 33 : 312
The Lot of Black Professionals
—David Jones (interview) ..... 34 : 530
The Making of a Latino Ethnic Identity
—Xavier F. Totti ..... 34 : 537
A Man With Many Names: Interview with László Rajk
—Hans-Henning Paetzke ..... 33 : 320
Marxism and Totalitarianism: Rudolf Hilferding and the Mensheviks
—André Liebich ..... 34 : 223
Minorities & Immigrants—Struggle in the Job Markets
—Roger Waldinger ..... 34 : 519
The Mission That Failed: An Interview With Jan Karski
—Maciej Kozlowski ..... 34 : 326
Mississippi Summer—1964
—Nicolaus Mills ..... 34 : 195
Mitterrand's Term: A Balance Sheet
—Michael Harrington ..... 34 : 82
Modern Germany: A Twisted Vision
—Kenneth D. Barkin ..... 34 : 252
Money (and Politics) in Both Parties
—Thomas B. Edsall ..... 33 : 406
Moral Education in the Age of Reagan: On Some Recent Proposals for a Culture Without Criticism
—David Bromwich ..... 33 : 447
The Myth of Revolution
—Irving Howe ..... 34 : 377
Neighborhoods
—Morris Dickstein ..... 34 : 602
Neither Bellicose nor Helpless: A Democratic Left Proposal for Defense Policy
—Bogdan Denitch ..... 34 : 216
New Immigrants in New York: Photography Competition Winners ..... 34 : 507
Nicaragua: A Mixture of Shades
—Abraham Brumberg ..... 33 : 173
Nicaragua, Civil Liberties & U.S. Policy
—David Bromwich ..... 33 : 14
Nicaragua: Sending Guns and Sermons
—Abraham Brumberg ..... 33 : 393
Nicaragua: The Inner Struggle: Is There Still a Chance for Political Pluralism?
—Abraham Brumberg ..... 33 : 294

LICENSED TO UNZ.ORG
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INDEX

A New Turn at 1199
—Leon Fink ..... 33 : 275
New York as a Center of "Difference": How America's Metropolis Counters American Myth
—Thomas Bender ..... 34 : 429
New York's "Work-Not Welfare" Program
—Theresa Funiciello ..... 34 : 557
Not Much Reform in "Tax Reform"
—Horst Brand ..... 33 : 389
Nuclear Weapons and Individual Rights
—George Kateb ..... 33 : 161
Old Story, New Place (Before Marcos Fell)
—James B. Rule ..... 33 : 140
Ollie's Hope . . . and the Tower Commission
—Charles Lane ..... 34 : 277
Olof Palme: 1927–1986: Socialism as a Moral Passion
—Michael Harrington ..... 33 : 385
On Crime and the Liberals
—James Q. Wilson (reply by Elliott Currie) 33 : 222
An Opera Based on Malcolm X
—Stanley Crouch ..... 34 : 107
The Packaging of America: Politics as Entertainment, Entertainment as Politics
—Ellen Levy ..... 33 : 441
Paradoxes of Blackness: Notes on the Crisis of Black Intellectuals
—Martin Kilson ..... 33 : 70
Park Slope: Notes on a Middle-Class "Utopia"
—Jan Rosenberg ..... 34 : 565
A Path to Disarmament
—Robert Delson ..... 34 : 281
Peru: Can This Nation Save Itself?
—José Miguel Oviedo ..... 34 : 171
PLATOON: *Of Heroes and Demons*
—William Adams ..... 34 : 383
P-9 Fights the Odds: The Hormel Strike Challenges American Labor
—Nicolaus Mills ..... 33 : 287
Polish-Jewish Relations During the War: an Interpretation
—Jan T. Gross ..... 34 : 73
Political Changes in the South: Black Majorities, White Minorities & the Fundamentalists
—Thomas Byrne Edsall ..... 34 : 20
The Politics of Patriotism: Americanization and the Formation of the CIO
—Gary Gerstle ..... 33 : 84
Portrait of the Young Lukács
—Mitchell Cohen ..... 34 : 368
"Privatization": Thatcherite Panacea
—Marc Baldwin ..... 33 : 283
Profiting from Public Squalor
—Jim Sleeper ..... 34 : 9
Public Needs and Private Wants
—Karl Frieden ..... 34 : 317
Public Space: Pleasures & Costs of Urbanity
—Michael Walzer ..... 33 : 470
Rambo, Passion, and Power
—Charles Molesworth ..... 33 : 109
Rappin', Writin', and Breakin': Black and Puerto Rican Street Culture in New York
—Juan Flores ..... 34 : 580
Reagangate: the Farce and the Shame
—Irving Howe ..... 34 : 136
The Relevance of Tolstoy: Or Europe After Chernobyl
—Erazim Kohák ..... 34 : 5
Remembering the Spanish Revolution: A Memoir of What Happened in 1936
—Lewis Coser ..... 33 : 53
The Renaissance of Southern History: Or the Life and Work of C. Vann Woodward
—George M. Fredrickson ..... 34 : 66
Reykjavik: Beginning of the End of Reaganism!
—Joseph Clark ..... 34 : 13
The Role of the Intellectual
—Murray Hausknecht ..... 33 : 131
Room at the Top: Black Women in District Council 37
—Jewel Bellush ..... 34 : 488
"The Rough Adventure of the Street . . ."
—Jerome Charyn ..... 34 : 624
Ruins and Reforms: New York Yesterday and Today
—Marshall Berman ..... 34 : 421
The "Russian Question"—in the 19th Century
—Shlomo Avineri ..... 33 : 79
Ruth Messinger—Local Issues, Socialist Vision
—Jo-Ann Mort ..... 34 : 474
The Sacking of Sydney Schanberg
—Jim Sleeper ..... 33 : 15
The Secret Life of Capitalism: The Stories of A. H. Robins and the Manville Corporation
—Murray Hausknecht ..... 34 : 63
Seductions of the Lower Strata
—George Packer ..... 34 : 245
Sexual Warfare as a Family Style
—Josephine Hendin ..... 33 : 230
(S)He Who Doesn't Work Shall Eat All the Same: Tomorrow's Economy—and Proposals from the Left
—André Gorz ..... 34 : 179
Shifts in the Political Alignments
—Thomas B. Edsall ..... 33 : 152
Shoah
—Leon Wieseltier and Abraham Brumberg 33 : 27
Social Democrats in the Yukon
—Jim Beebe ..... 34 : 32
Social Retreat and the Tumler
—Irving Howe ..... 34 : 407
Some Tickets Are Better: The Mixed Achievement of James Baldwin
—Julius Lester ..... 33 : 189
The Sour Fruits of Reaganomics
—H. Brand ..... 33 : 263
South Africa and the American South
—Gerald Sorin ..... 34 : 28
Soviet Reformers: From Lenin to Gorbachev
—Theodore Draper ..... 34 : 287
Spain: Democracy With Difficulties
—Joel Bleifuss ..... 34 : 162
The Spanish Civil War Revisited
—Benjamin Martin ..... 34 : 374
The Spirit of the Times: Greed, Nostalgia, Ideology & War Whoops
—Irving Howe ..... 33 : 413
Stop Me Before I Crusade Again
—Thomas A. Gaines ..... 34 : 249
Stranded in Right Field
—Sidney Blumenthal ..... 33 : 272

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Stumbling Toward Tomorrow: The Decline and Fall of the New York Vision
—Ada Louise Huxtable ..... 34 : 453
Take It to the Streets: Conflict and Community in Public Space
—Marshall Berman ..... 33 : 476
A Tale of Three Cities: Upper Economy, Lower—and Under
—Gus Tyler ..... 34 : 463
TEACH: "Reaganizing" the American Schools
—Rickie Flanders and Deborah Meier .... 33 : 142
The Textbook Battle in Tennessee
—Anthony Borden ..... 34 : 155
They Made It!
—Alfred Kazin ..... 34 : 612
They Were in Exile—and Needed Help
—Emanuel Geltman ..... 34 : 380
Toward A Brave New Workplace? Some Political Visions
—Robert Howard ..... 33 : 93
Toward a Tough-Minded Populism
—Gar Alperovitz ..... 33 : 156
The UAW at 50—Still Going Strong
—Patricia Cayo Sexton ..... 33 : 398
Ugly Stuff at the Nation
—Irving Howe ..... 33 : 271
The Unhealth of Our Medical Sector
—Vincente Navarro ..... 34 : 148
Unions, Economic Power & the State: New Problems, New Strategies, as Unions Regroup
—Robert Kuttner ..... 33 : 33
The Virtuous Man and the Hollow Man
—Linda A. Rabben ..... 34 : 105
Wall Street Greed: Insiders & Outsiders
—Murray Hausknecht ..... 34 : 143
The "War Against Porn"—Again
—James B. Rule..... 34 : 11
War in Tug River Valley: A Long and Bitter Miners' Strike
—Nicolaus Mills..... 33 : 45
Was the Spanish Civil War "Our Cause"?
—Irving Howe (exchange with Ronald Radosh)..... 34 : 98
The Weakness of Black Politics: Cursed by Factions and Feuds
—Martin Kilson ..... 34 : 523
A Week in Warsaw
—Stanley Engelstein ..... 33 : 215
The West Side of My Youth
—Robert Lekachman ..... 34 : 607
What's Terrorism—And What Isn't
—Michael Walzer..... 33 : 274
When Ed Koch Was Still a Liberal
—Michael Harrington..... 34 : 595
Where Pluralism and Paranoia Meet
—Wesley Brown ..... 34 : 482
Who Rules New York Today?
—Jim Chapin ..... 34 : 471
Whose Windfall?
—Carlin Meyer..... 34 : 424
Why Hanford?
—Carole Woods..... 34 : 250
Why Waldheim Won in Austria
—Andrei S. Markovits & Anson Rabinbach 33 : 409
Willful Shortsightedness on Poverty
—Michael Harrington..... 33 : 19
Will Unions Organize Again?
—Robert Kuttner ..... 34 : 52
Will We Save the Children? New York City as Child Abuser
—Maxine Phillips..... 34 : 551
Xiaoping, ni hao!
—George Jochnowitz..... 34 : 167
Yuppies, Technocrats & Neoliberals: Chilly Thoughts on the National Future
—Robert Lekachman ..... 34 : 34

INDEX BY AUTHOR

Abelove, Henry—*Freud, Male Homosexuality, and the Americans*..... 33 : 59
Adams, Gordon—*Arms Control: Reality and Mirage*..... 33 : 396
Adams, William—PLATOON: *Of Heroes and Demons*..... 34 : 383
Alperovitz, Gar—*Toward a Tough-Minded Populism*..... 33 : 156
Avineri, Shlomo—*The "Russian Question"—in the 19th Century*..... 33 : 79
Baldwin, Marc—*Disastrous Job Losses in Michigan*..... 34 : 151
Baldwin, Marc—*"Privatization": Thatcherite Panacea*..... 33 : 283
Barkan, Joanne—*A Cheer for the Constitution* 34 : 138
Barkan, Joanne—*The Italian CP Debates Its Future*..... 33 : 149
Barkin, Kenneth D.—*Modern Germany: A Twisted Vision*..... 34 : 252
Baruch, Elaine Hoffman—*The Female Body and the Male Mind: Reconsidering Simone de Beauvoir*..... 34 : 351
Beebe, Jim—*Social Democrats in the Yukon*. 34 : 32
Bell, Daniel (a discussion with Walter Dean Burnham and Michael Sandel)—*Liberalism and the Crisis of Authority*..... 34 : 202
Bellush, Jewel—*Room at the Top: Black Women in District Council 37*..... 34 : 488
Bender, Thomas—*New York as a Center of "Difference": How America's Metropolis Counters American Myth*..... 34 : 429
Bensman, David (and Roberta Lynch)—*Can Steel Be Saved?*..... 34 : 93
Berman, Marshall—*Take It to the Streets: Conflict and Community in Public Space*.. 33 : 476
Berman, Marshall—*Ruins and Reforms: New York Yesterday and Today*..... 34 : 421
Berman, Paul—*The Anti-Imperialism of Fools* 34 : 102
Berman, Paul—*The Face of Downtown: Strokes for a Portrait*..... 34 : 569
Bialer, Seweryn (with comment by Lewis Coser)—*How Far Can Gorbachev Go?*... 34 : 188
Bleifuss, Joel—*Spain: Democracy With Difficulties*..... 34 : 162
Blumenthal, Sidney—*Stranded in Right Field* 33 : 272
Borden, Anthony—*AIDS Crisis: The Sorrow of the City*..... 34 : 561
Borden, Anthony—*The Textbook Battle in Tennessee*..... 34 : 155
Brand, H.—*The Sour Fruits of Reaganomics*. 33 : 263

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Brand, Horst—*Not Much Reform in "Tax Reform"* . . . . . 33 : 389
Bromwich, David—*Contragate: the Swill of Empire* . . . . . 34 : 133
Bromwich, David—*Moral Education in the Age of Reagan: On Some Recent Proposals for a Culture Without Criticism* . . . . . 33 : 447
Bromwich, David—*Nicaragua, Civil Liberties & U.S. Policy* . . . . . 33 : 14
Bronstein, Philip—*Intriguing in the Philippines: Can the Aquino Regime Bring Stable Democracy?* . . . . . 33 : 505
Brown, Wesley—*Where Pluralism and Paranoia Meet* . . . . . 34 : 482
Brumberg, Abraham—*Nicaragua: A Mixture of Shades* . . . . . 33 : 173
Brumberg, Abraham—*Nicaragua: Sending Guns and Sermons* . . . . . 33 : 393
Brumberg, Abraham—*Nicaragua: The Inner Struggle: Is There Still a Chance for Political Pluralism?* . . . . . 33 : 294
Brumberg, Abraham (and Leon Wieseltier)—*Shoah* . . . . . 33 : 30
Burnham, Walter Dean (a discussion with Daniel Bell and Michael Sandel)—*Liberalism and the Crisis of Authority* . . . . . 34 : 202
Chapin, Jim—*Who Rules New York Today?* . 34 : 471
Charyn, Jerome—*"The Rough Adventure of the Street . . ."* . . . . . 34 : 624
Clark, Joseph—*China: A Specter Is Haunting Communism* . . . . . 34 : 146
Clark, Joseph—*Reykjavik: Beginning of the End of Reaganism!* . . . . . 34 : 13
Cohen, Jean L.—*Dealing with the Nuclear Threat* (an exchange with Erazim Kohák, Michael J. Sandel and George Kateb) . . . . . 33 : 357
Cohen, Mitchell—*A Holiday Inn of Bourgeois Virtue: Irving Kristol and the Spirit of Capitalism* . . . . . 33 : 205
Cohen, Mitchell—*Portrait of the Young Lukács* . . . . . 34 : 368
Conant, Oliver—*Culture and the Neoconservatives* . . . . . 34 : 241
Connolly, Peter—*Blacks & White Liberals—a New Relationship* . . . . . 34 : 16
Cooper, Louis F.—*Fair Trade and the Marketplace of Ideas* . . . . . 34 : 379
Corradi, Juan E.—*Argentina Today: The Cultural Mood* . . . . . 34 : 23
Coser, Lewis (and Seweryn Bialer)—*How Far Can Gorbachev Go?* . . . . . 34 : 188
Coser, Lewis—*Remembering the Spanish Revolution: A Memoir of What Happened in 1936* . . . . . 33 : 53
Crouch, Stanley—*An Opera Based on Malcolm X* . . . . . 34 : 107
Currie, Elliott (reply to James Q. Wilson)—*On Crime and the Liberals* . . . . . 33 : 222
Delson, Robert—*A Path to Disarmament* . . . . 34 : 281
Denitch, Bogdan—*Neither Bellicose nor Helpless: A Democratic Left Proposal for Defense Policy* . . . . . 34 : 216
Dickstein, Morris—*Neighborhoods* . . . . . 34 : 602
Draper, Theodore—*Long Ago and Far Away.* 33 : 312
Draper, Theodore—*Soviet Reformers: From Lenin to Gorbachev* . . . . . 34 : 287
Drexler, Rosalyn—*Life and Games in the West Bronx* . . . . . 34 : 622
Edsall, Thomas Byrne—*And Now, the Political Consequences?* . . . . . 34 : 140
Edsall, Thomas B.—*An Enduring Republican Majority?* . . . . . 33 : 16
Edsall, Thomas B.—*Money (and Politics) in Both Parties* . . . . . 33 : 406
Edsall, Thomas Byrne—*Political Changes in the South: Black Majorities, White Minorities & the Fundamentalists* . . . . . 34 : 20
Edsall, Thomas B.—*Shifts in the Political Alignments* . . . . . 33 : 152
Engelstein, Stanley—*A Week in Warsaw* . . . . 33 : 215
Erber, Ernest—*The Corporate Raiders: New Light on Corporate Ownership vs. Control* 33 : 193
Estrin, Saul (and David Miller)—*A Case for Market Socialism: What Does It Mean? Why Should We Favor It?* . . . . . 34 : 359
Falcón, Angelo (a discussion with Dan Feldman, Nathan Glazer, John Jeffries, Daniel McCarthy, Ruth Messinger, Jan Rosenberg, Fred Siegel, Sol Stern, David Tobis, and Don Wycliff)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* . 34 : 628
Feldman, Dan (a discussion with Angelo Falcón, Nathan Glazer, John Jeffries, Daniel McCarthy, Ruth Messinger, Jan Rosenberg, Fred Siegel, Sol Stern, David Tobis, and Don Wycliff)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* . 34 : 628
Fink, Leon—*Bread & Roses, Crusts & Thorns: The Troubled Story of 1199* . . . . . 33 : 179
Fink, Leon—*A New Turn at 1199* . . . . . 33 : 275
Flanders, Rickie (and Deborah Meier)—*TEACH: "Reaganizing" the American Schools* . . . . . 33 : 142
Flores, Juan—*Rappin', Writin', and Breakin': Black and Puerto Rican Street Culture in New York* . . . . . 33 : 580
Fox, Paula—*Civil Society: Moments of Vividness & Promise* . . . . . 34 : 593
Frankel, Jonathan—*A Calmer Mood in Israel* 33 : 277
Fredrickson, George M.—*The Renaissance of Southern History: Or the Life and Work of C. Vann Woodward* . . . . . 34 : 66
Frieden, Karl—*Public Needs and Private Wants* . . . . . 34 : 317
Funiciello, Theresa—*New York's "Work-Not-Welfare" Program* . . . . . 34 : 557
Gaines, Thomas A.—*Stop Me Before I Crusade Again* . . . . . 34 : 249
Geltman, Emanuel—*They Were in Exile—and Needed Help* . . . . . 34 : 380
Gerstle, Gary—*The Politics of Patriotism: Americanization and the Formation of the CIO* . . . . . 33 : 84
Glazer, Nathan (a discussion with Angelo Falcón, Dan Feldman, John Jeffries, Daniel McCarthy, Ruth Messinger, Jan Rosenberg, Fred Siegel, Sol Stern, David Tobis, and Don Wycliff)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* . 34 : 628
Glotz, Peter—*Forward to Europe: A Declaration for a New European Left* . . . . . 33 : 327
Gorz, André—*(S)He Who Doesn't Work Shall Eat All the Same: Tomorrow's Economy—and Proposals from the Left* . . . . . 34 : 179
Gross, Jan T.—*Polish-Jewish Relations During the War: an Interpretation* . . . . . 34 : 73

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Harrington, Michael—*Mitterrand's Term: A Balance Sheet* ..... 34 : 82
Harrington, Michael—*Olof Palme: 1927–1986: Socialism as a Moral Passion* ..... 33 : 385
Harrington, Michael—*When Ed Koch Was Still a Liberal* ..... 34 : 595
Harrington, Michael—*Willful Shortsightedness on Poverty* ..... 33 : 19
Hausknecht, Murray—*The Role of the Intellectual* ..... 33 : 131
Hausknecht, Murray—*The Secret Life of Capitalism: The Stories of A. H. Robins and the Manville Corporation* ..... 34 : 63
Hausknecht, Murray—*Wall Street Greed: Insiders & Outsiders* ..... 34 : 143
Healey, Denis—*Beyond Nuclear Deterrence* . 33 : 304
Hendin, Josephine—*Sexual Warfare as a Family Style* ..... 33 : 230
Howard, Robert—*Toward a Brave New Workplace? Some Political Visions* ..... 33 : 93
Howe, Irving—*Fascists, Hustlers & Dupes* .. 33 : 261
Howe, Irving—*The Myth of Revolution* ..... 34 : 377
Howe, Irving—*Reagangate: the Farce and the Shame* ..... 34 : 136
Howe, Irving—*Social Retreat and the* Tumler 34 : 407
Howe, Irving—*The Spirit of the Times: Greed, Nostalgia, Ideology & War Whoops* ..... 33 : 413
Howe, Irving—*Ugly Stuff at the* Nation ..... 33 : 271
Howe, Irving—(exchange with Ronald Radosh)—*Was the Spanish Civil War "Our Cause"?* ..... 34 : 98
Hux, Samuel—*Economese—or the Misplaced Nominative* ..... 33 : 102
Huxtable, Ada Louise—*Stumbling Toward Tomorrow: The Decline and Fall of the New York Vision* ..... 34 : 453
Jeffries, John (a discussion with Angelo Falcón, Dan Feldman, Nathan Glazer, Daniel McCarthy, Ruth Messinger, Jan Rosenberg, Fred Siegel, Sol Stern, David Tobis, and Don Wycliff)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* ..... 34 : 628
Jessup, David (J. Michael Luhan Replies)—*El Salvador Unions—The Real Story* ..... 33 : 514
Jochnowitz, George—*Xiaoping, ni hao!* ..... 34 : 167
Jones, David (interview)—*The Lot of Black Professionals* ..... 34 : 530
Kasinitz, Philip—*The City's "New Immigrants"* ..... 34 : 497
Kateb, George—*Dealing with the Nuclear Threat* (an exchange with Erazim Kohák, Jean L. Cohen and Michael J. Sandel) .... 33 : 357
Kateb, George—*Nuclear Weapons and Individual Rights* ..... 33 : 161
Kazin, Alfred—*They Made It!* ..... 34 : 612
Kilson, Martin—*Jesse Jackson and Black Politics: What Is His True Role in American Politics?* ..... 34 : 212
Kilson, Martin—*Paradoxes of Blackness: Notes on the Crisis of Black Intellectuals* ..... 33 : 70
Kilson, Martin—*The Weakness of Black Politics: Cursed by Factions and Feuds* ..... 34 : 523
Klehr, Harvey—*The Case of the Legless Veteran* ..... 33 : 104
Kohák, Erazim—*Dealing with the Nuclear Threat* (an exchange with Jean L. Cohen, Michael J. Sandel and George Kateb) ..... 33 : 357
Kohák, Erazim—*The Relevance of Tolstoy: Or Europe After Chernobyl* ..... 34 : 5
Komisar, Lucy—*Jacek Kurón on the Present Situation* ..... 33 : 220
Kozlowski, Maciej—*The Mission That Failed: An Interview With Jan Karski* ..... 34 : 326
Kriegel, Leonard—*In the Country of the Other: A Journey Back to the North Bronx* 34 : 617
Kugler, Israel—*Anemia in Academe* ..... 33 : 106
Kuttner, Robert—*Unions, Economic Power & the State: New Problems, New Strategies, as Unions Regroup* ..... 33 : 33
Kuttner, Robert—*Will Unions Organize Again?* 34 : 52
Lane, Charles—*Ollie's Hope . . . and the Tower Commission* ..... 34 : 277
Lekachman, Robert—*The Craze for "Privatization"* ..... 34 : 302
Lekachman, Robert—*The Debt Balloon* ..... 33 : 135
Lekachman, Robert—*Glee* ..... 34 : 134
Lekachman, Robert—*The West Side of My Youth* ..... 34 : 607
Lekachman, Robert—*Yuppies, Technocrats & Neoliberals: Chilly Thoughts on the National Future* ..... 34 : 34
Lester, Julius—*Some Tickets Are Better: The Mixed Achievement of James Baldwin* .... 33 : 189
Levi, Primo—*A Disciple* ..... 33 : 24
Levinson, Mark—*In the Magazines* ..... 34 : 112
Levinson, Mark—*In the Magazines* ..... 34 : 258
Levy, Ellen—*Individuals and Autonomists: 1970s Group Theater, 1980s Performance Art* ..... 34 : 585
Levy, Ellen—*The Packaging of America: Politics as Entertainment, Entertainment as Politics* ..... 33 : 441
Liebich, André—*Marxism and Totalitarianism: Rudolf Hilferding and the Mensheviks* ..... 34 : 223
Lipski, Jan Józef—*KOR: Ethics of a Movement* 33 : 20
Logue, John—*Can Welfare States Survive in the Global Economy?* ..... 33 : 351
Lowe, David Garrard—*"Julia"—and Muriel Gardiner* ..... 33 : 367
Luhan, J. Michael—*AIFLD's Salvadoran Labor Wars: A Painful Record of Political Arm-Twisting* ..... 33 : 340
Luhan, J. Michael (reply to David Jessup)—*El Salvador Unions—The Real Story* ..... 33 : 514
Lynch, Roberta (and David Bensman)—*Can Steel Be Saved?* ..... 34 : 93
Mandler, Peter—*In the Magazines* ..... 34 : 388
Markovits, Andrei S. (and Anson Rabinbach)—*Why Waldheim Won in Austria* .... 33 : 409
Martin, Benjamin—*The Spanish Civil War Revisited* ..... 34 : 374
McCarthy, Daniel (a discussion with Angelo Falcón, Dan Feldman, Nathan Glazer, John Jeffries, Ruth Messinger, Jan Rosenberg, Fred Siegel, Sol Stern, David Tobis, and Don Wycliff)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* . 34 : 628
Medvedev, Roy—*Bits of Light in a Gray World: Cultural Life in the Soviet Union* .. 34 : 46
Meier, Deborah—*Good Schools Are Still Possible, But* . . . . 34 : 543
Meier, Deborah (and Rickie Flanders)—*TEACH: "Reaganizing" the American Schools* ..... 33 : 142

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Messinger, Ruth (a discussion with Angelo Falcón, Dan Feldman, Nathan Glazer, John Jeffries, Daniel McCarthy, Jan Rosenberg, Fred Siegel, Sol Stern, David Tobis, and Don Wycliff)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* . 34 : 628
Meyer, Carlin—*Whose Windfall?* . . . . . 34 : 424
Miller, David (and Saul Estrin)—*A Case for Market Socialism: What Does It Mean? Why Should We Favor It?* . . . . . 34 : 359
Mills, Nicolaus—*Howard Beach—Anatomy of a Lynching: New York Racism in the 1980s* 34 : 479
Mills, Nicolaus—*Mississippi Summer—1964* . 34 : 195
Mills, Nicolaus—*P-9 Fights the Odds: The Hormel Strike Challenges American Labor* 33 : 287
Mills, Nicolaus—*War in Tug River Valley: A Long and Bitter Miners' Strike* . . . . . 33 : 45
Molesworth, Charles—*Rambo, Passion, and Power* . . . . . 33 : 109
Mollenkopf, John—*The Decay of Reform* . . . 34 : 492
Morley, Jefferson—*Better NED Than Dead?*. 33 : 146
Mort, Jo-Ann—*Ruth Messinger—Local Issues, Socialist Vision* . . . . . 34 : 474
Morton, Brian—*The Banker's Red Suspenders: Looking at Yuppie Anti-Yuppie Magazines* (Manhattan, inc. *and* Spy) . . . . . 34 : 574
Morton, Brian—*The Decline of Public Health Care* . . . . . 33 : 269
Morton, Brian—*In the Magazines* . . . . . 34 : 110
Morton, Brian—*In the Magazines* . . . . . 34 : 256
Morton, Brian—*In the Magazines* . . . . . 34 : 387
Morton, Desmond—*Canada's Democratic Left Inches Ahead* . . . . . 34 : 27
Navarro, Vincente—*The Unhealth of Our Medical Sector* . . . . . 34 : 148
Newman, Stephen L.—*The Chimeras of "Libertarianism": What's Behind This Political Movement?* . . . . . 34 : 308
Oreskes, Michael—*Is It Still a Union Town?*. 34 : 486
Oviedo, Miguel—*Peru: Can This Nation Save Itself?* . . . . . 34 : 171
Packer, George—*Seductions of the Lower Strata* . . . . . 34 : 245
Paetzke, Hans-Henning—*A Man With Many Names: Interview with Laszlo Rajk* . . . . . 33 : 320
Phillips, Maxine—*Will We Save the Children? New York City as Child Abuser* . . . . . 34 : 551
Rabben, Linda A.—*Brazil—Between Rock and Ocean* . . . . . 34 : 284
Rabben, Linda A.—*The Virtuous Man and the Hollow Man* . . . . . 34 : 105
Rabinbach, Anson (and Andrei S. Markovits)—*Why Waldheim Won in Austria* . . . . . 33 : 409
Radosh, Ronald (exchange with Irving Howe)—*Was the Spanish Civil War "Our Cause"?*. 34 : 98
Rev, Istvan—*The Advantages of Being Atomized: How Hungarian Peasants Coped With Collectivization* . . . . . 34 : 335
Roditi, Edouard—*American Psychoanalysts and Homosexuality* . . . . . 33 : 369
Rosenberg, Bernard—*Dave the Slasher & Cap the Knife: Happy Memories of Life in Gipper's Gang* . . . . . 33 : 437
Rosenberg, Jan (a discussion with Angelo Falcón, Dan Feldman, Nathan Glazer, John Jeffries, Daniel McCarthy, Ruth Messinger, Fred Siegel, Sol Stern, David Tobis, and Don Wycliff)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* . 34 : 628
Rosenberg, Jan—*Hard Times for the Women's Movement* . . . . . 33 : 401
Rosenberg, Jan—*Park Slope: Notes on a Middle-Class "Utopia"* . . . . . 34 : 565
Rule, James B.—*Old Story, New Place (Before Marcos Fell)* . . . . . 33 : 140
Rule, James B.—*The "War Against Porn"—Again* . . . . . 34 : 11
Rustin, Michael—*The Fall and Rise of Public Space: A Postcapitalist Prospect* . . . . . 33 : 486
Sandel, Michael (a discussion with Daniel Bell and Walter Dean Burnham)—*Liberalism and the Crisis of Authority* . . . . . 34 : 202
Sandel, Michael J.—*Dealing with the Nuclear Threat* (an exchange with Erazim Kohák, Jean L. Cohen and George Kateb) . . . . . 33 : 357
Schwartz, Joseph M.—*Black Politics in South Africa* . . . . . 33 : 5
Sexton, Patricia Cayo—*The Epidemic of Homelessness* . . . . . 33 : 137
Sexton, Patricia Cayo—*The UAW at 50—Still Going Strong* . . . . . 33 : 398
Siegel, Fred (a discussion with Angelo Falcón, Dan Feldman, Nathan Glazer, John Jeffries, Daniel McCarthy, Ruth Messinger, Jan Rosenberg, Sol Stern, David Tobis, and Don Wycliff)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* . . . . 34 : 628
Silverman, Debora—*China at Bloomingdale's and the Met: Vreeland's Allure & Reagan's Political Culture* . . . . . 33 : 426
Sleeper, Jim—*Boodling, Bigotry, and Cosmopolitanism: The Transformation of a Civic Culture* . . . . . 34 : 413
Sleeper, Jim—*Boom and Bust With Ed Koch*. 34 : 437
Sleeper, Jim—*Howard Beach: Black Leaders, White Liberals* . . . . . 34 : 152
Sleeper, Jim—*Profiting from Public Squalor*. 34 : 9
Sleeper, Jim—*The Sacking of Sydney Schanberg* 33 : 15
Sorin, Gerald—*South Africa and the American South* . . . . . 34 : 28
Stern, Sol (a discussion with Angelo Falcón, Dan Feldman, Nathan Glazer, John Jeffries, Daniel McCarthy, Ruth Messinger, Jan Rosenberg, Fred Siegel, David Tobis, and Don Wycliff)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* . 34 : 628
Tobis, David (a discussion with Angelo Falcón, Dan Feldman, Nathan Glazer, John Jeffries, Daniel McCarthy, Ruth Messinger, Jan Rosenberg, Fred Siegel, Sol Stern, and Don Wycliff)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* . 34 : 628
Totti, Xavier F.—*The Making of a Latino Ethnic Identity* . . . . . 34 : 537
Tyler, Gus—*Labor's "Vatican II": In Search of New Goals, New Methods* . . . . . 33 : 495
Tyler, Gus—*A Tale of Three Cities: Upper Economy, Lower—and Under* . . . . . 34 : 463
Waldinger, Roger—*Minorities & Immigrants—Struggle in the Job Markets* . . . . . 34 : 519
Walzer, Michael—*Public Space: Pleasures & Costs of Urbanity* . . . . . 33 : 470
Walzer, Michael—*What's Terrorism—And What Isn't* . . . . . 33 : 274
Wieseltier, Leon (and Abraham Brumberg)—*Shoah* . . . . . 33 : 27

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Wilson, James Q. (reply by Elliott Currie)—*On Crime and the Liberals* ..... 33 : 222
Woll, Josephine—*Daring Voices in Soviet Films* ..... 34 : 159
Woods, Carole—*Why Hanford?* ..... 34 : 250
Wycliff, Don (a discussion with Angelo Falcón, Dan Feldman, Nathan Glazer, John Jeffries, Daniel McCarthy, Ruth Messinger, Jan Rosenberg, Fred Siegel, Sol Stern, and David Tobis)—*Are There Solutions? Corruption, Cynicism, and Reform Proposals* .... 34 : 628

BOOKS REVIEWED

Against All Hope: The Prison Memoirs of Armando Valladares (Joseph Clark) ..... 34 : 390
Against Socialist Illusion, by David Selbourne (Peter Mandler) ..... 33 : 239
The American Pope: The Life and Times of Francis Cardinal Spellman, by John Cooney (Gordon Beadle) ..... 33 : 121
Atrocity and Amnesia: The Political Novel Since 1945, by Robert Boyers (Oliver Conant) ..... 33 : 377
Canarsie: The Jews and Italians of Brooklyn Against Liberalism, by Jonathan Rieder (Jim Sleeper) ..... 33 : 119
Cheap Amusements: Working Women and Leisure in Turn-of-the-Century New York, by Kathy Peiss (David Nasaw) ..... 34 : 115
Cutting Edges: Making Sense of the 80's, by Charles Kräuthammer (Harold Meyerson) . 33 : 522
Democracy and Capitalism: Property, Community, and the Contradictions of Modern Social Thought, by Samuel Bowles and Herbert Gintis (Robert Heilbroner) ..... 33 : 519
Fidel: A Critical Portrait, by Tad Szulc (Joseph Clark) ..... 34 : 390
For a Pluralist Socialism, by Michael Rustin (Peter Mandler) ..... 33 : 239
Inside the Circle: A Union Guide to QWL, by Mike Parker (Guillermo Grenier) ..... 33 : 379
The Jesse Jackson Phenomenon: The Crisis of Purpose in Afro-American Politics, by Adolph L. Reed, Jr. (David J. Garrow) ... 34 : 118
Lay Bare the Heart: An Autobiography of the Civil Rights Movement, by James Farmer (Maurice Isserman) ..... 33 : 116
A Lesser Life: The Myth of Women's Liberation in America, by Sylvia Ann Hewlett (Rose Laub Coser) ..... 34 : 259
Liberalism at Work: The Rise and Fall of OSHA, by Charles Noble (David Rosner).. 34 : 397
Lionel Trilling and the Fate of Cultural Criticism, by Mark Krupnick (Oliver Conant) ..... 34 : 120
The Long March, by Harrison E. Salisbury (Simon Leys) ..... 33 : 237
The Morality of Spending: Attitudes Toward the Consumer Society in America, 1875–1940, by Daniel Horowitz (David Nasaw) ..... 34 : 115
New Deals: The Chrysler Revival and the American System, by Robert Reich and John Donahue (Jeff Faux) ..... 33 : 112
New Jerusalems: The Labour Party and the Economics of Democratic Socialism, by Elizabeth Durbin (Robert Lekachman) .... 34 : 113
No Ivory Tower: McCarthyism and the Universities, by Ellen Schrecker (Dennis Wrong). 34 : 263
The Origins of the Civil Rights Movement: Black Communities Organizing for Change, by Aldon D. Morris (Maurice Isserman) .. 33 : 116
Orwell: The Lost Writings, edited by W. J. West (George Packer) ..... 34 : 124
The Other America, by Michael Harrington (Dwight Macdonald) ..... 34 : 269
Poland's Self-Limiting Revolution, by Jadwiga Staniszkis (James B. Rule) ..... 33 : 376
The Politics of Socialism, by John Dunn (James P. Young) ..... 33 : 244
Psychotherapy in the Third Reich: The Göring Institute, by Geoffrey Cocks (Paul Roazen) 33 : 243
The Real Life of Alejandro Mayta, by Mario Vargas Llosa—(Robert Boyers) ..... 33 : 371
Reinhold Niebuhr: A Biography, by Richard Wightman Fox (John Patrick Diggins) .... 33 : 525
Secrecy and Power: The Life of J. Edgar Hoover, by Richard Gid Powers (David J. Garrow) ..... 34 : 395
Shah of Shahs, by Ryszard Kapuscinski (Sharif Arani) ..... 33 : 114
Socialists and the Ballot Box. A Historical Analysis, by Eric Thomas Chester (H. Brand) ..... 34 : 266
Solidarity: Poland 1980–81, by Alain Touraine et al. (James B. Rule) ..... 33 : 376
Telling Right From Wrong: What Is Moral, What Is Immoral, and What Is Neither One Nor the Other, by Timothy J. Cooney (Jeffrey Scheuer) ..... 33 : 520
Visions of Emancipation: The Italian Workers' Movement Since 1945, by Joanne Barkan (George Ross) ..... 33 : 234
Why Some Peoples Are More Unemployed Than Others, by Goran Therborn (Fred Block) ..... 34 : 393
The Zero-Sum Solution, by Lester Thurow (David Bensman) ..... 33 : 527

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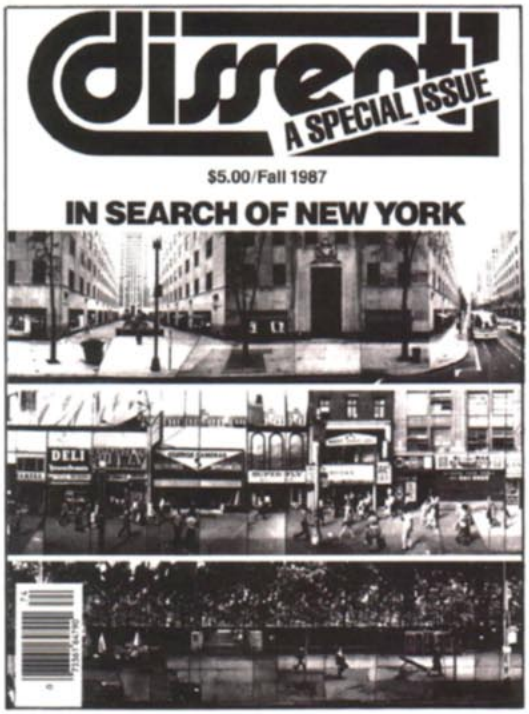

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